FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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A U.S. bank's swift fall from grace, Page 21

NEWS SUMMARY

GENERAL

Reagan takes his case to Congress

President Ronald Reagan is making a major effort this week to regain control of a Congress that is slipping from his grasp on vital issues ranging from the 1984 budget to Central America policies.

He plans to make a major address to a rare joint session of the Senate and the House of Representatives tomorrow night.

The President says he will "marshal every resource of the Administration" to retrieve in the Senate on Thursday the setback caused by the Senate budget committee's rejection of proposals for 1984. Page 5

Another blow to the Reagan Administration yesterday came when France rejected its proposal for a seven-nation meeting of trade and finance ministers in Paris next month. Page 3

U.S. Commerce Secretary Malcolm Baldrige yesterday announced the President'a backing for a Cabinet level Department of Trade doing away with the department of Commerce. Page 20

Diary doubts grow

British historian Hugh Trevor-Roper said in Hamburg that he now had doubts about the origin of diaries said to have been written by Adolf Hitler. U.S. authority Gerhard Weinberg pointed out that no handwriting study had been based on the diaries themselves.

West German state Bavaria said it would claim copyright if the diaries were genuine, as legal heir to Hitler's estate. Page 3

Mafia land inquiry

Sicilian authorities are investigating whether the Mafia has bought large areas of land around the Nato base at Comiso.

Soviet Jews held

KGB security police held 11 Soviet Jews for questioning after seizing them during a meeting in a forest outside Leningrad.

Fine Gael problems

MPs of Fine Gael, the majority party in the Irish ruling coalition, meet tonight to try to avoid a parliamentary defeat tomorrow over a proposal for a constitutional amendment on abortion. Coalition partners Labour have given their 15 MPs a free vote.

Athens crash trial

Two Swissair pilots went on trial in Athens for negligence in the death of 14 passengers when their aircraft overshot an Athens runway four years ago.

Spain vetoes deal

Spain's Government vetoed a $300m deal for refitting three South African submarines that would have contravened a U.N. embargo.

Finnish switch

President Mauno Koivisto has asked Social Democrat Premier Kalevi Sorsa to form a new Government, following last month's election. The new administration is likely to omit Socialists and Communists, who have featured in most Finnish coalitions in the last 17 years.

Briefly . . .

European Football Union banned tha immediate televising in stadiums of action replays.

Tibet's first university is being built, to open in 1985.

At least 295 Zambians have been killed by Angolan mines on its border, says the Zambian National Mirror.

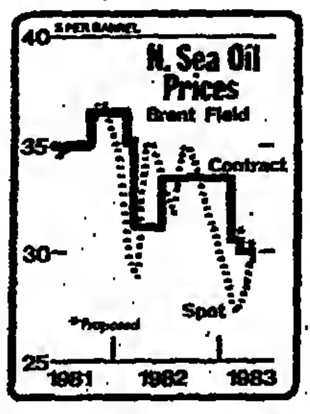
BUSINESS

£ strong as oil price increases

● STERLING was firm on the foreign exchanges, following the news that the Soviet Union had matched Egypt's weekend oil price increase by putting 50c a barrel on the Urals crude it sells to Western Europe. The pound gained 2.05c to reach $1.568, its highest since late January.

It also rose to DM 3.83 (from DM 3.7875), FFr 11.47 (FFr 11.345), SwFr 3.22 (SwFr 3.185) and Y370 (Y366.25). Its Bank of England trade weighting advanced from 83.2 to 84, its highest closing level this year. Pages 20, 44.

● DOLLAR'S trade weighting fell from Friday's 122.4 to 122, and it dropped to DM 2.444 (DM 2.4485), FFr 7.3275 (FFr 7.34), SwFr 2.055 (SwFr 2.06) and Y236.15 (Y236.8). Pages 20, 44



● OIL market improvement was also signalled by a 12c rise in the spot price for Brent crude, the North Sea reference figure, which reached $29.95, close to the official selling price $30. Page 20

● GOLD rose $2.5 in London to $440. In Frankfurt it rose $4.25 to $441.5, and in Zurich it went up $5 to $442.5. Page 41

● LONDON: FT Industrial Ordinary index gained 5.3 at 683.3. Government Securities showed advances averaging a little below 0.5 per cent. Report, Page 37. FT Share Information Service, Pages 42, 43

● WALL STREET: Dow Jones index closed down 9.09 at 1,187.21. Report, Page 37. Full share listings, Pages 38–40

● TOKYO: Nikkei Dow index eased by 1.29 to 8996.09, and the Stock Exchange index edged up by 0.06 to 623.22. Report, Page 37. Leading prices, other foreign exchanges, Page 40

● SOVIET UNION has indicated to West German industrialists and bankers that it may like their help in a project to turn Siberian brown coal into petroleum or gas. Page 3

● EEC MINISTERS agreed to continue production quotas and minimum price guidelines for Community steelmakers. Page 3

● UK FINANCIAL institutions invested £4bn ($6.26bn) overseas last year, an increase of 38 per cent. Page 8

● BANKAMERICA announced acceptance of its $400m takeover of Seafirst, the biggest banking group in Washington State, which has revealed a $133m first-quarter loss. Page 21; Lex Page 20

● BRITISH STEEL chairman Ian MacGregor held talks in Moscow aimed at increasing exports to the Soviet Union.

● SEARS ROEBUCK, the U.S. stores group, is selling its loss-making Brazilian stores to a Brazilian consortium for between $40m and $50m. Page 21

● AT&T, the U.S. telecommunications major, is to close its biggest plant in Ireland, into which it moved only 18 months ago. Page 3

● FORD of UK profits in 1982 fell 13.4 per cent to £194m ($303.8m), with interest on loans to the U.S. parent the main prop. Page 29.

FRENCH SPURN PHILIPS IN LICENCE DEAL WITH JVC

Thomson-Brandt to make VCRs for Japanese company

BY PAUL BETTS IN PARIS

Thomson-Brandt, the large nationalised French electronics group, opted yesterday for Japanese rather than European technology to turn it into a major manufacturer of video cassette recorders with annual production of up to 1m units in the next few years.

The French company said that JVC of Japan had granted it a licence to manufacture its VCR products for all markets except Japan.

The landmark licensing agreement is a major blow to Philips, the leading European electronics company, which had hoped to team up with Thomson to strengthen its production and market penetration of its V2000 video system.

Philips yesterday sharply criticised the Thomson-JVC deal, calling it "a decision to assemble a Japanese product" on the part of the French company. "The worst thing that can happen in Europe is that Europe should lose the opportunity to contribute its own technology," the Dutch group said in a statement.

But the French decision to select the VHS standard developed by JVC, which accounts for 70 per cent of the world VCR market, is also a revenge of sorts by Thomson. The French group continues to blame in part Philips for the collapse of its recent takeover bid of the West German Grundig company.

The Grundig deal was seen by Thomson as an opportunity for pan-European collaboration on a sufficient scale to compete effectively against the Japanese.

But throughout the Grundig negotiations, Thomson maintained contact with JVC. Indeed, it warned it would seek a deal with JVC in the event that the Grundig deal was blocked by the West German authorities or Philips, which owns 24.5 per cent of the German company.

Nonetheless, there is a profound irony in the latest development in the long-running VCR saga. Thomson has in fact chosen a Japanese partner to help it build a major presence of its own in the VCR market at a time when the French Government has imposed extremely harsh and controversial import restrictions on VCRs. These include, since last October, processing of all imported VCRs through the small customs centre of Poitiers in central France.

However, concurrently with the Thomson-JVC deal, the French Government has also been negotiating with the Japanese over its VCR import measures. These negotiations have made good progress with Mme Edith Cresson, the new French Trade Minister, indicating that restrictions may soon be lifted, bringing to an end the so-called "Battle of Poitiers."

France's tough line on VCR imports also appears to have played a part in inducing JVC to grant for the first time to a non-Japanese company the licence to manufacture its VCR system. In the past, JVC has only granted licences to other Japanese companies including Matsushita, Akai, Hitachi and Toshiba.

Significantly, Thomson plans to use the licence initially to produce in France some of the most sensitive components of a VCR, including the mechanical heads and other mechanical parts. These compo-

Continued on Page 20

Portugal's election draws heavy turnout

By David White and Diana Smith in Lisbon

PORTUGAL'S voters turned out in large numbers in yesterday's general elections, contrary to some predictions that political disillusionment would bring heavy abstentions.

By 8.30pm London time, only a handful of boroughs had produced results, insufficient to demonstrate any decisive voting trend.

First indications after the close of polling showed a vote of between 82 and 84 per cent of the 7m-strong electorate, close to the turnout in the last parliamentary contest in 1980, despite bad weather in the north and centre of the country.

Voting was especially heavy in the drought-hit, communist-dominated farm region of the Alentejo.

A high vote was expected to strengthen the chances of the former Centre-Right coalition Government parties of thwarting an outright majority victory by the Socialists.

The Socialist Party, expected to receive the largest vote of any party following the recent break-up of the Centre-Right coalition, is reckoned to have a more faithful electorate than its Social Democrat and Christian Democrat rivals.

The new leaders of the Social Democrat PSD and Chistian Democrat CDS, respectively Sr Carlos Mota Pinto and Sr Francisco Lopes Pires, were banking on a latent fear of socialism in the conservative rural districts of the North and centre to keep Sr Mario Soares, the Socialist leader, from riding in on a straightforward majority in the 250-member assembly.

The two parties, which formed the main part of the coalition which has ruled since the end of 1979, would require a combined vote of at least 48 per cent to be able to reconstitute a ruling alliance under the country's complicated proportional representation system.

The Socialists were reckoned to require a lower figure of some 42 per cent in order to govern without support from other parties, because this system favours the most heavily voted single party.

Yesterday's voting was orderly and almost incident-free. Rainstorms and snow in the north and centre appeared to do little to deter voters. Many Lisbon families by contrast, profiting from brisk spring weather, took advantage of the national holiday – marking the anniversary of Portugal's 1974 revolution – to spend a day out before rushing to the ballot stations at the last minute.

Socialists pick Sinowatz to follow Kreisky

BY W. L. LUETKENS IN VIENNA

HERR FRED SINOWATZ, Vice-Chancellor in the outgoing Austrian Government, was yesterday nominated by the Socialist Party to replace Chancellor Bruno Kreisky, who resigned on Sunday night after his party lost its absolute majority in the general election.

The party executive also accepted Dr Kreisky's decision to leave office but it refused his request to find a new party chairman as early as June. Herr Karl Blech, deputy chairman, said that Herr Sinowatz wanted Dr Kreisky to stay on for the time being.

Herr Sinowatz, who was born in 1929, has friends in all parties and has proved himself to be a man amenable to compromise. He comes from the powerful trade union movement. Unlike some of the Socialist leaders ranking behind Dr Kreisky, Herr Sinowatz is regarded as a moderate socialist even among members of other parties.

There is some reason to suspect that he is not fully keen on the job of Chancellor but that may be the result of a tactful refusal to stake out a claim while Dr Kreisky was in office.

Last night, it was still anyone's guess what kind of coalition would eventually emerge. The probability was that the Socialists would team up with the liberal Freedom party. If so, the Socialists will have to swallow some of their principles and, in particular, drop proposals to close a number of tax loopholes.

The Socialists would have to make much the same sacrifices to land the conservative People's Party as their partners.

An anti-Socialist coalition of the People's and Freedom parties is also theoretically possible, but it would not be easy to run the country against the opposition of what still is the largest party.

Before the election, President Rudolf Kirchschläger, a non-party man, let it be known that he would first let the largest party try its hand at forming a Cabinet. The initiative will thus lie with the Socialists. Dr Kreisky, who will conduct the negotiations on his party's behalf, told reporters that he would talk to both the other parties.

The final official result of the election is expected today and could give an extra seat to the People's Party at the Socialists' expense.

The provisional result announced on Sunday was: Socialists, 48 per cent of vote and 90 seats (51 per cent and 95 seats in 1979); People's Party 81 seats, 43 per cent (77 seats and 42 per cent); Freedom Party 12 seats and 5 per cent (11 seats and 6 per cent). A quirk of the electoral system gave the Freedom Party more seats this time for fewer votes.

Protest parties, whether West German-style Greens or of the right, won no seats.

Michelin loses FFr 4bn but sees improved trend

BY DAVID MARSH IN PARIS

THE MICHELIN tyre group, one of France's largest private sector companies, has announced an overall consolidated loss of around FFr 4bn ($545m) for 1982 because of the slump on the world tyre market and the heavy cost of restructuring operations.

The loss, against a consolidated deficit of FFr 290m in 1981, was announced in a letter to shareholders, which informed them of the "cruel necessity" that Michelin would be unable to pay a dividend for last year.

On a slightly less pessimistic note, the company said efforts to cope with tyre crisis were starting to bear fruit and this trend should continue throughout 1983 and 1984.

After allowing for heavy restructuring costs – which include large redundancy programmes involving 9,500 workers in France, Britain and Italy – Michelin said its results in the second half of 1982 showed a clear improvement compared with the first six months. This trend was confirmed at the beginning of 1983.

The company's main operating subsidiary in France, Manufacture Francaise des Pneumatiques Michelin, saw its loss more than double last year to FFr 1.85bn from FFr 662m in 1981.

The fresh deterioration in Manufacture'a results necessitated a further injection of capital funds from the Compagnie Générale des Etablissements, Michelin parent company, which suffered itself a FFr 127m loss last year because of "very important" provisions.

The group said the prolonged recession in the vehicles market, especially in the U.S., coincided with a period when Michelin had not yet completed an effort of expansion aimed at making it the world's second largest tyre maker.

Underlining the fact that adaptation to a "brutally reversed" economic situation demanded time, Michelin pointed out that it had on the whole suffered less than its competitors. Group tyre sales declined in volume by 7 per cent between 1978–79 and 1982, although the international market dropped by 15 per cent.

In the European and North American markets last year, Michelin increased sales of car tyres and resisted the further decline in the market for heavy vehicle tyres.

The group's foreign operations, which turned in collective profits for 1981, mainly registered losses in 1982 because of restructuring costs in Europe and the start-up of U.S. production facilities.

The group's overall self-financing capability after tax was negative to the tune of FFr 700m, although it would have been positive but for the results of Manufacture in Brazil, which indicates that it is also encountering difficulties there.

AIR FRANCE PLAN

Foreign airlines have attacked a plan for French travel agents to direct passengers to Air France in return for Paris Government's agreement to relax foreign travel restrictions. Page 20.

UK to press own satellite plan

BY RAYMOND SNODDY IN LONDON

BRITAIN is expected to push ahead with developing its own direct broadcast satellite (DBS) system – C-MAC – following the European Broadcasting Union's failure to reach a comprehensive agreement on a European standard for DBS.

The EBU technical committee decided after nine hours of talks on DBS at a plenary session in Copenhagen last week "that it was of paramount importance to achieve a single European standard for DBS." The system, the committee said, should be a form of C-MAC.

The French, however, decided they could not associate themselves with such a statement "at this time" and will almost certainly proceed with their own SECAM/PAL system. The Germans said they would only accept a uniform European standard if all nations involved agreed. They are likely to follow the French.

The EBU technical bureau will continue the search for a compromise which would involve the MAC picture system and the French sound system. The bureau will meet in Geneva in June.

But UK industry, broadcasters and officials believe urgent decisions now have to be taken if the UK system is to be ready in time for the scheduled start of DBS in Britain in September 1986.

The BBC plans to run two new satellite channels which can be received by anyone prepared to buy a special dish aerial. One channel is likely to be a subscription service with first-run feature films and the other broadcasting 24 hours a day. France and Germany plan to begin satellite broadcasting a year earlier in 1985.

A Whitehall working party, bringing together all the government departments involved with DBS, will meet later this week and a formal statement is expected from Mr William Whitelaw, the UK Home Secretary, next month.

This will set out the specifications for C-MAC to enable British microprocessor and television companies to get on with the job of designing the complex integrated circuits involved. Although officially both UK government departments, the BBC and the Independent Broadcasting Authority will continue the search for Europe-wide agreement, there is a realisation that the UK can no longer hold back.

Mr Bernard Rogers, technical advisor on satellite broadcasting to

Continued on Page 20

China 'near to $2bn aid deal with Japan'

BY MARK BAKER IN PEKING

CHINA says it is close to agreement with Japan on a financial aid package worth around $2bn after two weeks of negotiation in Tokyo.

The prospective agreement, disclosed by vice-premier Yao Yilin at the conclusion of a visit to Japan, effectively cements the close ties between Peking and Tokyo, both of which have cool relations with Moscow.

"The specific sum has not been decided, but it could be as much as $2bn, as informally suggested by the Japanese government, or even more," Yao said.

Although the period of the loan was not indicated, it is likely to he of the same order as the two-year term which applied to Japan's first loan, concluded in December 1981.

The new loans would be used to complete major transportation and communications projects under China's sixth five-year plan.

Mr Yao said the projects would include reconstruction and expansion of Qinhuangdao, Lianyungang, Qingdao and other barbours, electrification of railways between Zhengzhou in Henan Province and Bapji in Shaanxi Province, laying a second track on the Peking-Canton line, and upgrading the telephone systems in Shanghai, Tianjin and Canton.

Japan's first credit package of $1.4bn expires at the end of this

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Nakasone may call election, Page 4

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EUROPEAN NEWS

Walter Ellis reports on the move to trade pay rises for shorter hours

Dutch decide even saints take time off

THE DUTCH cost-of-living index system, granting workers automatic wage rises to compensate for inflation, was previously held to be the 11th commandment in the Calvinist system of Dutch morality.

Last year, the biggest trade union federation in the Netherlands declared itself opposed tooth and nail to any attempted decanonisation of the system. Yet today its sanctity has gone—and the unions have accepted in its stead the right to shorter working hours, a trend which could spread all over Europe.

Short-time working, viewed until recently merely as a barometer of economic recession, is now increasingly seen as a means of rendering that recession tolerable to the greatest number. And as the concept of the age of leisure gains currency within the trade union movement, the idea of spreading less work around more people seems poised to assume a permanent place in industrial practice.

The drive towards shorter working hours and lower wage rises in the Netherlands has been heightened by two factors—the necessity for public spending cuts to improve the state of the economy, and the alarming increase in unemployment.

The government, a Centre-Right coalition of Christian Democrats and Liberals which took office only last November, has a platform of rigid economic austerity, with wage moderation as a main plank. The Prime Minister, Mr Ruud Lubbers, had warned that the extent of public spending cuts to be imposed would in part depend on pay settlements. If moderation was not achieved, even more would be pruned from state budgets than the planned Fl 13bn (£3.2bn), later increased to Fl 15bn.

The Dutch economy is in trouble principally because of falling prices for the country's most valuable export, natural gas, but company profits are sharply down, as the level of world trade, on which the Netherlands depends more than most countries, continues to stagnate. There have been some tentative signs that an improvement may be seen soon but the effects of the recession are likely to be felt for a considerable time to come.

Severe unemployment and Government threats on public spending have led to the temporary suspension of the Dutch wage indexation system. Workers have accepted a shorter working week in lieu of rises, in a trend that could have effects across Europe.

In addition, unemployment in the Netherlands is increasing at a faster rate than anywhere else in the European Community. In March, a total of 769,200 people were out of work—16.5 per cent of the workforce. By the end of the year, the total could be above 900,000.

So far, almost half the sectorally-organised Dutch workforce has accepted reduced hours in return for non-payment of indexed pay rises. Talks are still in progress concerning another 300,000 workers, while 384,000 have insisted on being paid their indexed rise. The latter group includes 260,000 building workers, who traditionally drive a hard bargain. Talks are expected to resume over increases due later in the year, however.

Most of the major companies and unions which have agreed to reductions in hours have accepted a working week of 36 hours on a graduated basis. The metalworkers and the printworkers have taken this popular route.

In most cases, there are provisions for early retirement and the training and eventual employment of the young.

It is also intended that as soon as companies are in a position to do so, they should take on more workers to fill the 5 per cent vacuum established by the reduced working week. Unions expect that full-scale re-employment may have to await signs of an economic upturn, however.

Other schemes include that of the bank workers, who have accepted a rise of only 0.5 per cent and an extra nine days holiday this year and next. In addition, 2,500 young people will be taken on part-time by the banks to learn basic skills. They are to be offered full-time employment when they reach the age of 23.

One scheme which was rejected by both unions and Government was that put forward by Fokker, the aerospace concern. Fokker has been hard hit by the fall in demand for commercial aircraft and late last year announced that it was obliged to lay off some 1,400 workers.

The management put forward a plan under which young workers would have been employed half time on half pay, with the Government making up the missing wages. However, the unions felt this was too extreme and the Government objected to the cost, so 1,150 men are due to join the dole queues later this year.

No-one can say yet where the trend will lead. In the short term, it could simply become the norm for Dutch employees to work a 36-hour week. Having accepted that, workers can still look forward to the return of the indexed rise, albeit in a modified form.

Mr Henk Lemmreize, a leading reseracher with the FNV, the, largest trade union federation in the Netherlands, is convinced however that the change now taking place is vital for the future prosperity and stability of the workforce, which is growing at a rate of 1.5 per cent per year.

"It's our view that it is absolutely necessary in the Netherlands to tackle unemployment by other means than simply seeking the restoration of economic growth," he said. "It was also vital to begin the process of redistributing the available jobs so that more people, especially young people, would gain entry to the labour market.

"The fact that our labour force is still expanding, plus a real unemployment total of nearly 800,000 means that even with an optimistic view of the chance of economic recovery, some means has to be found which gives more people the opportunity to work."

Mr Ruud Lubbers, above, whose warning on spending cuts seems to have galvanized the trade union federation, led by Mr Wim Kok, below, into a new attitude towards leisure

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W. German economic optimism based on tenuous evidence

BY JONATHAN CARR IN BONN

YOU MIGHT be forgiven for thinking that West Germany is facing an economic boom. Stock market indices have shot to new highs. The Hanover industrial fair has just recorded a record attendance. And the latest survey of the business climate, released today by the IFO economic research institute, talks of growing optimism.

True, many entrepreneurs—question by IFO during March, which was general election month—were still unhappy about their current business. But they seemed confident of an upturn over the next half year. Even the fall in demand for capital goods in February was shrugged off as due to special factors. It did not undermine the belief that better times were at hand.

On the face of it this is odd. In the past, West German businessmen have often groaned over economic circumstances which to non-Germans appeared relatively favourable. Now they seem confident about the future although the evidence to back up their feelings looks rather tenuous.

Part of the new buoyancy is political in origin. After years of Social Democrat-led government, a centre-right coalition which says it will encourage private initiative and reduce the role of the state has been confirmed in office by the March 6 election. That is one key reason for the surge in share prices, through buying by foreign as well as domestic investors.

Furthermore, all kinds of indicators seem to suggest that an economic upswing must be just around the next corner. Interest rates have fallen further, encouraged by the Bundesbank's action on March 17 in cutting the discount rate to 4 per cent and the Lombard to 5 per cent. This is the lowest level for both rates since early 1979—before prolonged recession set in.

Inflation at an annual rate fell to 3.5 per cent in March (after an average 5.3 per cent last year). With the falling oil price and the latest revaluation of the D-Mark within the European Monetary System (EMS), there is a good chance of keeping consumer prices down to an average of about 3 per cent for the year.

To round off the positive side of the picture, the current account of the balance of payments could be about DM 10bn in surplus this year, after emerging narrowly from the red in 1982.

Moderate wage accords averaging increases of around 3 per cent—for this year show that the consensus between employers and trade unions is holding pretty well, despite public squabbling.

That said, it is worth emphasising that the level of economic activity remains low and that the risks to a firm and continuous upswing are large. After two successive years in which GNP has contracted in real term, the government now says it expects "zero growth" in 1983 (and is not likely to be erring on the side of pessimism.

Enterprise earnings remain weak and the growth rate of fixed asset investment seems likely to tail off in 1984 after a mild boost this year. Unemployment fell slightly in March to 2.4m—but is likely to rise again next winter.

Above all, a large question mark hangs over West Germany's export markets — given the debt problems in Eastern Europe, the developing world and even in some OPEC states.

West German businessmen are thus looking more than ever the the U.S., whose strengthening economy, they hope, may give a decisive push to an upswing in the West.

Setback for Soviet spy network

BY ANTHONY ROBINSON, MOSCOW CORRESPONDENT IN LONDON

SOMETHING HAS gone badly wrong with the worldwide Soviet spy net work in the nine months since Mr Yuri Andropov relinquished his 15-year tenure as head of the KGB. At least 62 Soviet diplomats, officials and journalists have been expelled so far this year, most on spying charges, compared with 49 expelled in the whole of last year and 27 in 1981.

The weekend statement by Mr William Webster, director of the FBI, that more than 900 of the 3,000 Soviet bloc diplomats in the U.S. had been identified as trained intelligence agents implies that the recent spate of expulsions may not be the end.

This certainly seems to be the fear of Mr Andropov, who told the West German magazine Der Spiegel that Moscow would not retaliate against the recent expulsions of 47 Soviet officials from France.

Mr Andropov explained that "Soviet restraint" was a reflection of the value which Moscow attached to long-term Franco-Soviet relations.

This is probably partly true, but it glosses over the fact that when the French authorities presented their list of those expelled they included the names of 50 other Soviet officials who would be expelled if the Soviet Union took counter measures.

In the French case, there are between 700-800 Soviet officials in France, not only diplomats, journalists and trade representatives, but also international civil servants at Unesco and other bodies.

This is many times the number of French citizens in the Soviet Union, and this pattern is reflected in most other Western countries, where the Soviet Union risks disproportionate damage in any prolonged tit-for-tat exchange, because it has more pawns to lose.

Even without covert espionage, the Soviet Union and its allies enjoy an enormous advantage operating in open societies where vast amounts of potentially useful political, technological and military information are available in the Press and public archives.

The Soviet Union alone employs over 20,000 highly-trained technical translators in a special Moscow institute which does nothing but translate technical magazines, the rival bids of competing Western companies seeking Soviet contracts and the kind of information covered by military publications like Aviation Week which are considered so useful that they are airlifted to Moscow.

The Soviet Union's appetite for military, technological and industrial espionage appears to have been whetted in recent years by concerted Western attempts to tighten restrictions on high technology exports to the Soviet bloc.

This has sharpened the Soviet awareness that it risks falling further behind the electronic and micro-chip revolution which is transforming not only the basis of Western economies, but also laying the basis for the kind of military competition of the future as recently unveiled by President Reagan.

Whatever the perceived need for a more effective espionage effort, however, recent events have advised the Russians to be more circumspect.

A further warning is expected today from West Germany when the parliamentary control commission on intelligence matters meets to consider whether the country should join other Western countries in expelling some of the 238 known and 199 suspected Soviet bloc agents serving under diplomatic or quasi-diplomatic cover.

Journey's end for Moskvitch

BY OUR MOSCOW CORRESPONDENT

THE SOVIET politburo has finally approved long-standing plans to replace the ageing Moskvitch car with a new front-wheel-drive vehicle.

The new model, designated the AZLK-2141, will be a five-door hatchback with a new 80 hp transverse engine. It will be some 130 mm wider than the present Moskvitch model with a passenger area similar to the recently face-lifted Volga model.

The new model is seen partly as a replacement for the Moskvitch but also as a lighter, faster and more comfortable alternative to the Volga, currently the largest passenger car on sale. Extensive use of plastics and other light-weight materials will keep the overall weight 350 kgs below that of current Volga models.

The new engine is designed to run 150,000 kms between major overhauls. The combination of light-weight, streamlined body shell and new engine is expected to produce a marked improvement in fuel consumption.

The Leninski Komsomol plant in the Moscow suburbs, which assembles around 140,000 Moskvitch cars annually, will be retooled to produce the new model, but details are not available of the planned production target or of the date of first delivery.

Meanwhile, re-tooling is also taking place at the Togliatti car plant 400 kms east of Moscow for the new two door VAZ-2108 model which will be the first Soviet front-wheel-drive car to be put in series production when output starts at the end of this year.

Help sought for Soviet coal project

By John Davies in Frankfurt

THE SOVIET UNION has told West German industrialists and bankers that it may be interested in their help to develop a large-scale project to turn Siberian brown coal into petroleum or gas.

The deal would be in addition to the existing controversial project in which West German companies are helping to build a pipeline to supply Soviet natural gas to Western Europe.

A number of companies with know-how in coal liquefaction and pipeline construction have had discussions with the Russians about plans to exploit the Kansk-Atschink coalfields.

One company, Lurgi, the process plant manufacturer, said yesterday that discussions had taken place several months ago but no contracts had been signed or were likely to be signed in the foreseeable future.

Lurgi dismissed as "fantasy" suggestions in some West German newspapers that German companies could get as much as DM 40bn (£10.5bn) worth of business in return for equipment and technology. "If the first stage of the project amounted to DM 2bn to DM 3bn, that would be good business," a Lurgi representative said.

The figure of DM 40bn was possibly a very long-term and all-embracing estimate of the cost of the whole project, he said.

Lurgi indicated that there was a pause in technical or manufacturing talks at the moment, but that talks were taking place now between the Russians and West German bankers on possible finance for the project. Dresdner Bank said yesterday it would be interested in taking part in any consortium to finance such a project.

According to reports in the West German Press, the Russians would be interested in paying for German assistance through a barter deal: they would want to pay with fuel produced from the project itself or with crude oil from other Soviet sources.

Anthony Robinson adds:

At Kansk-Achinsk and Ekbastuz in southern central Siberia the Soviet Union possesses some of the world's largest deposits of lignite and low quality coal amenable to open cast mining. But they lie thousands of kilometres from the industrialised West and the sea.

Present plans call for the construction of giant coal burning power stations close to the mines and long distance high voltage transmission lines to the West.

France snubs U.S. over seven-nation ministerial talks

BY JOHN WYLES IN LUXEMBOURG

FRANCE yesterday delivered a calculated snub to the U.S. by announcing that it would boycott a seven-nation meeting in Paris next month of Trade and Finance Ministers, proposed by the Reagan Administration.

M Claud Cheysson, the French Minister for External Affairs, said last night that France would not support any attempt to "institutionalise" the world's economic summit system.

Although the U.S. has denied that it intends any connection between the Paris talks on May 10-11 and the world summit in Williamsburg, Virginia, on May 28-30, French suspicions have been aroused by the attempt to limit attendance in Paris to the seven nations of the summit.

U.S. diplomats say that Washington is aiming at the start of an in-depth review by the world's leading industrialised countries of the key links between financial and trade policies. France and several other European countries believe, however, that part of the U.S. aim is to press the Europeans towards a more restrictive approach on East-West trade, which would subsequently be confirmed at Williamsburg.

France's boycott has the support of the six small EEC members which do not attend world summits. Other Ministers were beginning to doubt last night that the talks could now take place; Sig Emilio Colombo, the Italian Foreign Minister, appeared to be highly sceptical, although Mr Francis Pym, the British Foreign Secretary, confirmed that the UK intended to be present.

The French move is seen partly as a protest at the lack of flexibility in U.S. positions on key economic and commercial issues in the run-up to Williamsburg. M Cheysson implied last night that the White House was not listening to EEC warnings that East-West trade issues should not be allowed to dominate the summit.

France is also desperately concerned about the impact of high U.S. interest rates and the continuing strength of the dollar.

● Mr Pym claimed last night that he had secured agreement from his fellow EEC Foreign Ministers that they would try next month to agree a rebate on the UK's payments to the EEC budget this year.

He said that the Ten were "on course" for achieving the accord reached at the EEC summit in Brussels last month, which appeared to promise the UK agreement on a rebate before the next summit on June 6-7.

Production quotas for EEC steel to stay

BY PAUL CHEESERIGHT IN LUXEMBOURG

PRODUCTION QUOTAS and minimum price guidelines for EEC steel manufacturers will continue, EEC industry ministers agreed yesterday.

But they could not settle either for how long this crisis regime should last, or exactly how it should operate.

The ministers were discussing, at a special meeting in Luxembourg, a proposal from the European Commission that its control over production and prices should continue after its present powers expire in June until the end of 1985.

By that time, the EEC is committed both to substantial cuts in capacity and the elimination of subsidies for the steel industry.

Eurofer, the EEC steel manufacturers' federation, agreed last week to an extension of the Commission's control, taken in 1980 under article 58 of the European Coal and Steel Community Treaty.

But Count Otto Lambsdorff, the West German Economics Minister and president of the meeting said: "I am confident we shall agree to extend the system—whether it will be for two and half years I don't know."

The Council of Ministers has asked the Commission to put forward by May 25 proposals for the continuation of the system "which take account of the restructuring already accomplished in the programmes approved by the Commission, and the aid given."

This reflected a move towards both the British and French views and away from the Commission idea that the existing system of controls will just carry on. But it is clear that tough negotiations lie ahead and that the ministers may need more than one meeting to reach agreement.

The UK argued yesterday that its restructuring of the steel industry had gone further than that of other EEC member states and that recognition should be given to this.

France first argued that the control system could not be extended but then softened its position. It is thought to be concerned about the possibility of any cuts in its national quota.

"We are not prepared to be tied down to a quota system based on the patterns of trade, three years ago," Mr Patrick Jenkin, the UK Industry Secretary said after the meeting.

AT&T to close its largest Irish plant

By Brendan Keenan in Dublin

THE U.S. telecommunications giant, American Telephone and Telegraph, has announced plans to close the largest of its three Irish plants, with a loss of 300 jobs.

AT&T moved into Ireland only 18 months ago when its subsidiary AT&T International acquired, for an undisclosed sum, Telectron, a company founded by two former Irish Post Office engineers to manufacture telecommunications equipment.

At the time, the move was seen as a means of establishing a European base for AT&T, from which it could become involved in European and world markets for advanced equipment.

The company said in Dublin that Telectron had been losing an average, I£3m ($3.9m) a year and this year's losses were expected to be higher. AT&T was originally looking for 200 redundancies at its Dublin plant but has now decided on closure.

AT&T blamed a continuing shortage of orders in the international market. Telectron has two other plants in the west of Ireland, employing about 200 people, but these are mainly involved in supplying equipment for the Irish telecommunications development programme.

The Irish Industrial Development Authority (IDA) has called on AT&T to postpone the closure and it is possible that a rescue attempt will be made. A U.S. spokesman for AT&T said the closure would have no impact on the company's corporate and marketing plan in Europe.

● Standard and Poor's, the U.S. credit rating agency, has reaffirmed the triple-A ratings on all the outstanding long term debt of AT&T and its Western Electric subsidiary, writes Richard Lambert from New York.

Moody's Investors Service, the other big rating agency, caused a brief furore last month when it downgraded AT & T's Triple-A status.

Doubts over French fast breeder

BY DAVID MARSH IN PARIS

NUCLEAR energy officials from 24 countries visiting France's ambitious fast breeder nuclear reactor project near Lyon last week were torn between awe at the scale of the achievement and feelings that the FFr 18bn (£1.6bn) plant may turn out to be a white elephant.

The nearly completed Super-Phenix power station at Creys-Malville in the Rhone Valley will be the West's first commercially operating fast-breeder reactor when it starts producing electricity next year.

Boasting a concrete dome which occupies an area 2½ times larger than that of St Peter's in Rome, the 1,200 mw plant is the closest approximation to a cathedral which late 20th century engineering has been able to produce.

But even nuclear energy acolytes from the 24 nations of the Organisation for Economic Co-operation and Development, touring the complex as part of the 25th birthday conference of the OECD's Nuclear Energy Agency, were on the whole sceptical about the plant's immediate usefulness.

The general consensus was that the French have brought the project to fruition about ten or 20 years ahead of its time.

Fast breeders, using as fuel a mixture of plutonium and burnt uranium from pressurised water nuclear plants, offer electricity utilities considerable fuel savings. Because of the recycling of spent fuel, the amount of energy produced per pound of natural uranium is 50 to 80 times larger in fast breeders than in the "first generation" nuclear reactors.

Fast breeders are, however, immensely expensive, generating electricity at about double the cost of other types of nuclear plants.

Because their operation centres on the commercial use of plutonium obtained from the reprocessing of spent uranium, fast breeders are surrounded by greater than normal risks of proliferation of nuclear weapons.

And at a time when oil has cheapened, the price of uranium is still hovering around $20 a pound (half the level of three years ago), and budgetary funds are in short supply, fast breeders can easily find themselves as the target of government spending cuts.

M Michel Pecqueur, the head of France's Atomic Energy Commission, told the conference that fast breeders were needed to reduce countries' energy vulnerability by stabilising uranium needs.

He announced the setting up of an international study group among Western nations pioneering fast-breeder technology in order to rationalise research and harmonise standards.

Additionally, he said the Commission was pursuing necessary studies to allow the Government to take a decision around 1986 on building a second commercial fast breeder.

Michel Pecqueur

M Remy Carle, a director of Electricite de France, made clear that the next sage of commercialisation of fast breeders would need to involve "integrated sites" combining both reactors and specialised reprocessing facilities.

However, even a committed supporter of fast-breeder technology, Mr Tom Marsham of the UK Atomic Energy Authority, told the conference that serious ordering of commercial plants would not take place until the beginning of the next century.

An official from West Germany—which has a one-sixth share in the Creys-Malville project — remarked that, because of the present economic slowdown, utilities were not interested even in financing fresh or pressurised water nuclear reactors, let alone the fast breeder.

A senior international energy civil servant commented that M Pecqueur's remarks amounted to "whistling in the dark." Because France's Socialist government is highly suspicious about fast-breeder technology, and is anyway about to decide a drastic slowdown in the country's programme on conventional types of nuclear energy, his view was that the pro-fast breeder lobby in the Atomic Energy Commission was becoming increasingly isolated.

Britain is carrying out research into a commercial fast breeder project based on a more compact design than the French one. British officials in private were saying that France would not achieve hoped-for economies from fast-breeders because of the present lack of specialised facilities to separate plutonium from spent breeder fuel.

France reprocesses spent fuel from its existing prototype Phenix fast breeder at a plant in Marcoule in the south.

Hitler's 'diary' find sparks fierce W. German debate

BY JONATHAN CARR IN BONN

"HITLER on love, Goebbels, Eva Braun—all rubbish?" asked the West German mass circulation daily Bild sourly about what are said to be the former Führer's secret diaries.

Its doubts did not stop Bild putting the story of discovery of Hitler's alleged personal notes on its front page yesterday, nor from quoting some juicy extracts.

In an effort to convince the sceptics, who include several noted West German historians, the weekly magazine Stern held a Press conference yesterday coinciding with the start of its own publication of the "Hitler records."

However, the British historian Mr Hugh Trevor-Roper, now Lord Dacre, who had previously stressed he believed the diaries were genuine, indicated yesterday there must now be some doubts about the matter.

Mr Trevor-Roper, author of "The Last Days of Hitler," said he had understood that the person who had recovered the documents from the plane had been the person who had handed them on to Stern. This now turned out to be a misunderstanding.

Glemp warns of danger at May Day demonstrations

BY CHRISTOPHER BOBINSKI IN WARSAW

CARDINAL Jozef Glemp, Poland's Roman Catholic Primate, says demonstrations planned by Solidarity, the banned trade union, for next Sunday, May Day, could be dangerous. But he has stopped short of advising people against taking part.

Speaking in the western Polish town of Gniezno on Sunday, he said he hoped the day would be marked "by peace and prayer."

Meanwhile, Mr Lech Walesa, the leader of the banned union, yesterday underwent a fitness test and a short safety course at the Lenin shipyard in Gdansk before his expected return to work.

The authorities are maintaining their propaganda campaign against Solidarity's underground movement, while the arrest of Mr Jozef Pinior, the leader in Wroclaw, in south-western Poland, is a setback for preparations there.

The thrust of the official media campaign is the alleged misuse of funds by Solidarity and the charge that the clandestine movement has embezzled and wasted funds in support of a luxurious life-style.

Nakasone may bend to pressure for general election

TOKYO — Prime Minister Yasuhiro Nakasone, despite personal unpopularity with voters, may call a snap general election after his party did well in weekend local elections, political analysts said yesterday.

They said Nakasone, whose personal following has slumped after a series of controversial right-wing comments on national defence, may have to yield to pressure for a general election from powerful sections of his conservative Liberal Democratic Party (LDP).

In mayoral elections in 145 cities, 99 of which were contested, LDP candidates maintained their previous record. But conservative independents backed by the LDP won eight cities more than the 94 they previously held.

Results in tens of thousands of local council seats, which were still being tabulated, will have a minimal effect on national politics.

But the mayoral results will give former premier Kakuei Tanaka, who controls the biggest faction in the LDP, fresh ammunition for his demand for a lower house election in June

Tanaka wants the elections held at the same time because more voters would be likely to turn out, which in the past bas favoured the LDP. He also wants to cement his position as *Japan's most powerful politician* in case he is convicted in a court judgement expected later this year.

Tanaka, instrumental in getting Nakasone elected as Prime Minister last November, is accused of taking more than $2m from the U.S. Lockheed Corporation in the early 1970s to influence a Japanese airline into buying Lockheed aircraft.

The former premier packed Nakasone's 20-member cabinet with six of his followers and also filled the upper echelons of the party hierarchy with his men.

Nakasone, leader of one of the smallest factions in the party, has been reluctant to go to the people because of his unpopularity and because, analysts said, be does not want to give Tanaka an opportunity to obtain even more power.

Other faction chiefs, including former premiers Takeo Fukuda and Takeo Miki, feel the same way and have publicly said the lower house should continue until scheduled election in 14 months.

Analysts said Nakasone was considering Tanaka's call for an early election, bnt was unlikely to decide finally until he returns from a trip to south-east Asia early next month.

They said the LDP, which has ruled Japan since its formation in 1955, was likely to retain power in an election but could lose some of its 284 seats in the 511-seat lower house.

Reuter

India faces opposition to borrowing application

BY K. K. SHARMA IN NEW DELHI

INDIA faces stiff opposition to its plans to borrow up to $2bn from the Asian Development Bank in the next five years.

Objections have come from the U.S. and smaller Asian countries which are the traditional beneficiaries of the institution's loans. But the Government has decided to go ahead with its application, and will press it at the next annual general meeting of the bank in Manila from May 4 to 6.

The U.S., which is the largest donor to the ADB's funds, has made its opposition to India's plans known in official statements from Washington, Other Asian countries feel their share of ADB loans is bound to be affected by New Delhi's enormous needs, which arise from its difficult foreign exchange reserves position. This forced India to take a three-year $5.7bn loan from the International Monetar fund in 1981.

India is the third largest subscriber to the ADB's ordinary capital resources after the U.S. and Japan and has so far voluntarily abstained from borrowing from it, so that smaller Asian countries can benefit.

Officials maintain that India has never abandoned its right to borrow from the ADB and needs loans now

India will not seek any funds from the ADB's soft-loan window, and will restrict its borrowings from ordinary funds, which carry an interest rate of 11 per cent. Despite this, controversy seems unavoidable.

A major reason for India's attitude is the uncertainty over the future of the World Bank's soft-loan affiliate, the International Development Association (IDA).

Meeting for Shultz and Mubarak today

By Charles Richards in Cairo

MR GEORGE SHULTZ, the U.S. Secretary of State, holds talks with President Hosni Mubarak of Egypt this morning following meetings in Cairo yesterday at the start of a tour of Middle East countries, his first since taking office.

Shortly after his arrival, Mr Shultz met U.S. ambassadors to countries in the region, and President Reagan's two special Middle East Envoys, Mr Philip Habib and Mr Nicholas Veliotis.

In a statement at Cairo airport, Mr Shultz said: "President Reagan sent me here to show America's determination to help in the process of peace in the Middle East.

"We know that we cannot substitute for the commitment and effort of the people of the Middle East, we will complement it and play our full part as full partners of this great enterprise of peace."

He did not give any indication what hopes be had for achieving progress on any of the main issues, including withdrawal of foreign forces from Lebanon or the wider peace process. Instead, he talked in general about the value of negotiation to achieve aims.

"Just a year ago, Egypt had the Sinai returned to her as a result of a peace treaty with Israel. In that act Egypt and Israel taught the world a lesson. That lesson is that negotiations work. The political process can achieve things that violence and rejection will never achieve."

Reuter reports from Bahrain: Two senior Jordanian ministers continued a shuttle around Gulf capitals yesterday as part of the latest drive by moderate Arab leaders and the U.S. to revive efforts for a lasting peace.

Jordan's Information Minister, Adnan Abu Odeh, arrived in Bahrain with a message for the island's ruler from King Hussein on the latest developments. He had given similar messages to the rulers of Qatar and the United Arab Emirates yesterday.

Jordanian Foreign Minister, Marwan Al-Qassem, meanwhile, left Riyadh for Sanaa, North Yemen, after meetings with King Fahd and Saudi Foreign Minister Prince Saud Al-Faisal, the official Saudi press agency reported.

Nora Boustany reports from Beirut: Tripartite U.S.-Lebanese-Israeli talks resumed in Khalde, south of Beirut yesterday with much hope pinned on Mr Shultz's trip

Lebanese officials have been complaining about the sluggish efforts to persuade foreign forces to depart and ministers have privately intimated that Moscow is trying to increase its influence

Charles Richards finds dissension in the Sinai on first anniversary of its return to Egypt

The palm trees are dying, say the Bedouin

WHEN PRESIDENT Hosni Mubarak of Egypt went to El Arish in Northern Sinai on Saturday tribal leaders grumbled openly that life had been better under Israeli occupation and that the Egyptian Government's development schemes had not benefited them.

Mr Mubarak retorted that he was there to celebrate the anniversary of the final liberation of Sinai on April 25 1982. This was neither the time nor the place to air grievances—their action was shameful. He then ordered security men to clear the auditorium of the embarrassing presence of the foreign Press.

The criticisms were the most outspoken in public since Mr Mubarak took office, and demonstrate the divide between Sinai and the Nile Valley. The much-vaunted development projects were intended to bridge the gap—but, referring to claims in the Press that irrigation water was being piped along the northern coast, one Bedouin declared: "The palm trees have died, Mr President."

The Bedu had more work under the Israelis. Smuggling was easier and they were better treated. The 160,000 to 200,000 people who live in the 60,000 square km peninsula are Arabs from at least a dozen tribes, racially and culturally distinct from the Nilotic peoples. The Israelis may hava looked upon them as an endangered species; many "Egyptians" look down on them as an inferior race.

For 15 years Egyptians had dreamt of the eventual liberation of the Sinai, captured by Israel in the 1967 war. For the late President Anwar Sadat its recovery took on a mystic significance. The Sinai was to become a symbol of peace. He spoke of "the sacred land" and planned a religious complex for Moslems, Christians and Jews atop Mount Sinai.

The land was to be developed, so that barren wilderness would flow with milk and honey. The ground itself was to yield the mineral wealth of King Solomon's mines. Egyptian pioneers would break ont of the narrow confines of the Nile Valley. By the end of the century, 2m people would be settling the wastes.

These pipedreams evaporated with Mr Sadat's death. Relations between Egypt and Israel have soured since Israel's invasion of Lebanon and a border dispnte at Taba still rankles.

The Egyptian army is building a complex network of defensive positions along the line from El Arish to Ras Muhamad in the south. A multinational force is deployed to report on treaty infractions.

Egypt first began to enjoy tha Sinai before the final withdrawal when the end of hostilities led to the reopening of the Suez Canal. The canal will earn $1bn this year. After the first withdrawal, Israel handed back the Abu Rudeis oilfield. The first oil from a discovery by a consortium of Deminex of West Germany, British Petroleum and Shell was shipped from Ras Budran off the Sinai coast earlier this month.

The task of reconstruction is formidable. Before the Israalis left, they plugged 35 wells with concrete, according to Egyptian officials, and blew up three pumping stations. The Sinai Development Authority, according to its chairman, Dr Ali Abu Zeid, has bored 42 wells, enough to irrigate 1,000 feddans (acres).

Dr Abu Zeid identifies four main areas for the future of Sinai: agriculture, tourism, industry including mining, and fishing, with agriculture the most favoured because it is the most labour intensive. The population of Sinai is projected to reach 1m by the year 2000, and with an average family of five, 160,000 new jobs will be needed.

Egypt has been spending about $100m a year over the past three years on schools, administrative buildings, supermarkets, hospitals, religious institutes, banks and bakeries, which are being hastily erected to transform the windblown Bedouin settlement of El Tur into the capital of the South.

Agriculture will be limited by the lack of water, which has to pumped from the Nila Valley. A plan for the development of Sinai financed by a $5m U.S. grant identifies 500,000 feddans as suitable for agriculture.

Suitable crops include date palms which need a lot of water but tolerate high levels of salinity. Olive oil production could be improved through better refining methods.

Mineral deposits include copper, sulphur, manganese, glass sand, kaolin, turquoise, gypsum and coal, mainly low quality and inaccessible.

Coal deposits at El Maghara are 27m tonnes, of which 21m tonnes are mineable reserves, according to a feasibility study just completed by Babcocks. Egyptian geologists put the reserves at three times this in the area round the test area. The existing coal mine could be reopened at a cost of E£98m (£77m) and Egypt is looking for foreign aid from Britain, West Germany or France to invest in the mine.

Perhaps the greatest potential lies in tourism, particularly along the Southern coast, celebrated for some of the finest coral in the world. Egyptian officials blame the world recession and the war in *Lebanon* for deterring tourists. Internal factors also play a part, not least the distance from Cairo and the lack of customs facilities at Sinai airports, which prevent direct flights from Europe.

Grim prospects for Iranian border town

BY KATHLEEN EVANS IN DEZFUL, IRAN

"WE ARE willing to continue this war for 20 years," says a slogan on the barracks wall at Dezful Air Base. It is a grim prospect—last Wednesday night, this town of silver birch trees and green fields suffered its 51st Iraqi missile attack which left 15 villagers dead and more than 100 wounded.

For a town which is so close to the front line and has one of Iran's most important air bases, Dezful looked remarkably peaceful. The runway itself was empty save for one helicopter and two small vintage propeller-driven aircraft, and the only sound was the buzzing of crickets in the grass.

At the terminal, a handful of soldiers—one with roses in his machine gun—were on hand to meet a party of journalists accorded a rare visit to the region.

On Thursday, shops and houses were firmly locked up as local inhabitants gathered for the funeral of the new "martyres." A fist-waving crowd of more than 10,000 people surged past the journalists, shouting slogans against the U.S., the Soviet Union, President Saddam Hussein of Iraq, France and Israel — in that order. The demonstrators were strictly segregated, the women in black chadors passing after the male mourners.

In private asides, however, Dezful villagers clearly seemed weary of the continuing war. One woman who had lost a son at the front eight months ago asked why the Baghdad government did not conduct its war against the Iranian government and not the Iranian people. "The Iranian people want peace. This nation does not want to continue fighting," she said flatly.

A more cynical comment came from a man standing beside the rubble of houses, where teenage revolutionary guards were still digging for possible survivors. "Why do you come?" he demanded of an Iranian television crew. "What difference does it ever make to us?"

Despite such comments, tha religious fervour of the revolutionary guards remains irrepressible. One 22-year-old man in the local hospital with broken legs and chest injuries talked constantly of God and the Imam Ayatollah Khomeini, and threatened to pursue journalists in the next world if his slogans were not faithfully recorded.

● More than 37 people were killed and another 210 injured in the latest Iraqi attack on Dezful last Friday, Reuter adds. But Mr Ali Akbar Vellayati, the Iranian Foreign Minister, said Iran would not retaliate.

Hopes for talks on oil slick

By Mary Frings in Bahrain

HEALTH MINISTERS and environmental experts from Iran, Iraq and the six Gulf co-operation council states have been called to a meeting in Kuwait today in another attempt to tackle the oil spillage threatening Gulf shores.

The Regional Organisation for Protection of the Marine Environment, which is co-ordinating the conference, said the meeting would be formally convened only after the eight member states show signs of reaching a consensus on signing an agreement.

During talks in Kuwait earlier this month, Iran rejected Iraq's conditional ceasefire offer and said it only wanted a guarantee that the repair team would not be fired on when it went in to fight fires and cap the leaking wells in the Nowruz field.

France opposes conditions on Namibia independence

PARIS — France yesterday strongly criticised the United States and Sonth Africa for demanding that independence for Namibia (South West Africa) should be linked to the withdrawal of Cuban troops from neighbouring Angola.

M Claude Cheysson, External Relations Minister, speaking at the opening of a United Nations conference on Namibia, said France could not accept the demands and pretexts being placed in the way of independence for the South African-ruled territory.

"This statement, which will most likely be criticised, does not mean my country is unaware of the problems which will come up immediately after independence," he said.

"But it means that accession to independence and the application of the security council's resolution cannot be held up by other considerations.

"It is not appropriate that the Namibian people should serve as hostage to enable neighbouring countries to deal with other matters, however important they may be," Cheysson added.

France, which, like the U.S. is a member of the five-nation western contact group on Namibia, has never concealed its opposition to the linkage issue.

Cheysson said the contact gronp's three-phase plan for independence had been accepted by South Africa, the "front line" African states and the South West Africa Peoples' *Organisation* (Swapo),

He said France did not underestimate the preoccupations of various countries in southern Africa with their security.

"But we are surprised that some treat it as concerning only the security of the strongest, richest, best-armed state in the region.

Reuter

Gloomy economic outlook faces Mozambique party

BY QUENTIN PEEL, AFRICA EDITOR

A COMPREHENSIVE report on the plight of the Mozambique economy and the security problems caused by South African-backed guerrillas will be presented this week at the Fourth Congress of the country's ruling Frelimo party.

The congress, which opens today and is the first far six years, will draw np economic and social directives following a wide-ranging and often highly critical debate in party organisations throughout the country.

Debate is likely to focus on the lack of encouragement given totraditional peasant farmers in producing both food and export crops. Also under scrutiny will be the growth of flourishing black markets in consumer goods because of the inefficiency of state marketing organisations and supply shortages, and the problems created by a top-heavy centralised bureancracy.

In his recent budget speech, Sr Rui Balthazar, the Minister of Finance, spoke of the need to reconsider the whole of government pricing policy, and Sr Prakash Ratilal, governor of the Bank of Mozambique, called for rationalisation of the civil service.

President Samora Machel has also returned to familiar themes, criticising lack of co-ordination and red tape in government offices.

Slogans in Maputo, which has been given a fresh coat of paint for the congress, concentrate on the struggle aagainst twin forms of "banditary"—the armed activity of the oSuth African-backed Mozambiqne National Resistance (MNR), operating in nina of the 10 provinces, and the "unarmed banditry" of the black marketeers.

Wong Sulong in Kuala Lumpur assesses a commodity producer's economic prospects

Malaysian growth hinges on wider recovery

MALAYSIA is cautiously optimistic that the economy will show a 5 to 6 per cent growth rate this year. This would be higher than last year's 4.6 per cent increase, which was itself better than government projections of 3.5 per cent growth, despite the world recession.

As an oil exporter Malaysia expects export receipts and government revenue to be adversely affected by the fall in oil prices, but bopes to gain if the lower prices encourage a more sustained world recovery.

Oil comprises 28 per cent of total Malaysian exports, making it substantially less dependent on oil and gas for foreign exchange earnings than neighbouring Indonesia.

But current production—about 330,000 barrels a day, with 270,000 harrels exported—would mean a revenue loss of over $540m a year.

In addition, following the start in January of liquid natural gas exports to Japan, the 1.7m tonnes of LNG to be sold this year will fetch $310m instead of the projected $440m.

Against these revenue losses the Government would expect to recoup some $175m by reducing subsidies for local diesel and kerosene.

The real benefit to the Malaysian economy, bowever, would come from a sustained recovery in the industrialised countries, which would giva a strong boost to Malaysia's other exports.

The rubber price, for example, has moved steadily npwards from an average price of 201 Malaysian cents per kilo in 1982 to breach the 260-cent mark in the first week of April.

At 200 Malaysian cents a kilo, more than a million rubber smallholders and tappers live at subsistence levels, most plantations lose money and the government receives little in the way of export duty.

At 260 cents, farmers' incomes are tolerable, plantations should pay reasonahla dividends, and $220m would accrue to the government, based on an export volume of 1.5m tonnes of rubber.

Similarly, tin prices have risen by 7 per cent so far this year, and timber prospects are looking up with reports of increased bousing starts in the U.S. and Jspan.

Set against any brighter export outlook, the balance of payments and government budget can he expected to remain under strain.

Last year, the country suffered a record balance of payments deficit on current account of $3.4bn. This year a deficit of $2.6bn is expected.

Foreign exchange reserves at the end of last year stood at more than $4bn, equivalent to four months' imports. Though this is a bealthy balance, it is nowbere near the levels of the early 1970s, when reserves covered nine months' imports.

On the budget front, the authorities now acknowledge that government expenditure for the past five years had expanded too rapidly, leading to considerable wastage and high inflation rates.

The 1981 federal budget accounted for 20 per cent of the country's GNP, but sharp cuts were made in 1982 to trim this proportion to 16.7 per cent.

In resorting to local and external borrowing to cover the deficits, the external debt rose by 70 per cent in 1981, and another 58 per cent in 1982 to a record $5.7bn — equivalent to 23 per cent of GNP. The external debt servicing ratio rose from 2.6 per cent of total exports in 1981 to 4.5 per cent last year.

Though tbe debt and the servicing ratio remain small by international standards, they were sufficiently worrying for Bank Negara, the central bank, to warn that the Government should be careful not to exceed the limits of "prudent" fiscal management.

In its recent annual report, the bank was optimistic about an export-led recovery, bnt added that the country should no longer rely on such a development.

Instead, the bank said, Malaysia must restructure its economy to create what it calls "new egines" of growth.

Reagan aims to regain control over Congress

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan will pull out all the political stops this week in an effort to regain control over a Congress that is increasingly slipping from his grasp on vital issues ranging from his 1984 budget to his controversial policies on Central America.

Following last week's dramatic rejection of his $849bn (£566bn) fiscal 1984 budget by the key Republican-dominated Senate Budget Committee — o major slep in the face for the White House — Mr Reagan now says he will "marshal everv resource of our Administration" to try to retrieve the situation on the floor of the full Senate.

The Senate will probably start a full-scale debate on the budget on Thursday, which could last for as long as two weeks before a final vote.

On Central America, Mr Reagan is planning a major address to a rare joint session of both Houses of Congress tomorrow night.

There have only been nine such sessions, not counting the annual State of the Union messages, since World War II—usually convened only in emergency—a fact that underlines the seriousness of the political stakes for which Mr Reagan is playing. The White House yesterday described the situation in Central America as "critical".

He is expected to draw together all the Administration's recent arguments in favour of the moral and security imperative of making a stand against Communism in the U.S.'s "own backyard", adducing as mnch evidence of Soviet/Cuban interference in the area as possible.

There are serious doubts, however, as to how far he will be able to head off the growing and determined rebellion against his policies of overt military aid for the El Salvador Government and covert aid for the right-wing guerrillas fighting the Sandinist Government in Nicaragua.

A key House sub-committee decided to vote today on $60m of the $110m Mr Reagan is asking in urgent military aid for El Salvador, without even waiting to listen to his speech.

On both fronts, Congress, which Mr Reagan could bend to his will in his first year of office, is showing unmistakable signs of asserting its own independence.

This comes largely as a result of the growing unpopularity of the President's Central American and defence spending policies, as the 1984 Presidential and Congressional elections begin to cast their shadows forward.

A major feature of recent weeks has been the defection on both issues of previously loyal Republican stalwarts.

On Thursday, the House is once again to resume its long-running debate on a resolution to "freeze" the nuclear weapons of the two superpowers at current levels.

Despite a strenuous Administration campaign against the non-binding resolution, it will almost certainly pass the Democrat-dominated House, although Mr Reagan may be able to head it off in the Republican-led Senate.

Mr Reagan's budget was defeated last Thursday by a surprising 13-4 vote in the Senate Budget Committee, after committee Republicans could not agree on a tax compromise.

The committee adopted a democratically-inspired alternative that would increase taxes by $30bn in 1984, and more in later years.

This would jeopardise the third and final cut in Mr Reagan's three-year tax reduction programme, sharply reduce the growth of defence spending and increase domestic spending much more than Mr Reagan wants. The measure closely resembles a budget resolution already passed by the House.

Venezuela and Mexico to tighten oil and loan terms

BY KIM FUAD IN CARACAS

VENEZUELA and Mexico will toughen terms under which they have been supplying oil and soft loans to nine central American and Caribbean nations since 1980 et an annual cost of more than $400m (£266m), according to diplomets.

Sr Humberto Calderon Berti, Venezuelan Energy Minister, and his Mexican colleague, Sr Francisco Labastida, have announced that the supply agreement is under review, but no official statement has yet been made on precise changes.

A rebete of 30 per cent of the cost of 160,000 barrels-per-day of oil now advanced to the nine nations is expected to be cut by 10 per cent while long-term financing programmes will he halved to 10 years, the diplomats say.

Under the present agreements, which expire next August, Venezuela and Mexico provide Barbados, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua and Paname with the oil plus five-year loans at 4 per cent interest in the form of the rebates on the price of the oil.

These loans, in turn, may be converted into long-term financing ot 2 per cent with a five-year grace period if the money is used for energy development projects.

Venezuela, which has assigned $562m for energy development projects under the oil supply accord, has taken the lead in toughening terms. Earlier this year, it suspended conversion of short-term loans pending a review of the impact of the new oil price structure on the market.

Venezuela also suspended shipments of 14,000 b/d to Nicaragua last year due to lack of payment of $18.7m plus interest owed. The oil is now being supplied by Mexico which has taken a more flexible position than Venezuela.

Figueiredo in new bid for Central American peace

BY ANDREW WHITLEY IN RIO DE JANEIRO

PRESIDENT Joao Figueiredo of Brazil today begins an official visit to Mexico which is expected to result in a considerable increase in bilateral trade. It could also lead to a closer involvement of Brazil in the search for a peaceful settlement of the Central American conflict.

Last week's potentially highly-embarrassing incident involving the seizure of Libyan aircraft carrying weapons to Nicaragua brought home to Brazilie how difficult it is to avoid becoming entangled in the disputes.

The Brazilian government has ordered the four aircraft to leave Brazil by today. The weapons are to be returned to Libya later, by ship.

Brazil's recent offer of a package of assistance to the left-wing regime in Surinam, to prevent it becoming o Cuban satellite, is regarded here as the first step in a more outward looking foreign policy towards the Caribbean and Central America.

Earlier this month, Brazil and Mexico egreed in principle to quintuple bilateral trade, badly affected by the payments problems suffered by both countries.

A memorandum of understanding outlining the goods to be incorporated into the clearing house arrangements to be set up between the two central banks is to be signed by President Figueiredo and Mexico's President, Sr Miguel de la Madrid.

According to Brazilian officials, Mexican oil and petrochemicals are to be exchanged for soya, sugar, maize, steel products, electronic goods and machine tools.

President Figueiredo is taking with him a large delegation including the three Brazilian economics ministers and six heads of major state organisations. A party of over 90 leading businessmen is accompanying the official delegation.

Jimmy Burns in Montevideo explains why reassurances are not calming fears of Britons in Argentina

Death threats escalate before Falklands visit

"There have been some disquieting signs that Argentina may be about to enter yet another period of civil conflict in which bombs and bullets and not words and votes are used in an attempt to resolve political disputes."

The words come from an editorial published at the weekend by the Buenos Aires Herald, the local English language newspaper. On Thursday the editor of the Herald, Mr James Neilson, was threatened with death in a telephone call, if he did not leave the country in 48 hours. The offices of his newspaper would also be bombed, the caller said.

Similer threats were received during the week by other alleged "symbols" of British influence in Argentina, including myself. Along with o number of other British journalists I was forced to choose temporary refuge outside the country rather than risk "execution".

Mr David Joy, head of the British interests section of the Swiss Embassy (in the absence of formal diplomatic relations between Britain end Argentina) was also on the hit list, as well as the British companies Glaxo and Shell, and British schools.

Tho campaign followed the deadlock in negotiations between Britain and Argentina over the planned visit to the Falkland Islands by relatives of Argentine soldiers killed in the war and buried on the islands. After the International Red Cross withdrew from its supervision of the visit, Britain banned the trip.

The threats to British individuals and institutions came from groups called Triple-A and the April 2 Commando. Triple-A is a right-wing terrorist organisation which was active et the time of the 1976 military coup, in collaboration with sectors of the Argentine armed forces. April 2 Commando surfoced for the first time last month with a series of bomb threats against British schools, one of which materialised, in the run-up to the first anniversary of the invasioo of the Falkland Islands.

Government officials have gone out of their way privately to dissociate themselves from the threats. They have strongly denied a suggestion that the campaign of intimidation is being orchestrated by the armed forces.

On the day I was given 24 hours to leave the country, I received a phone call from Captain Hector de Pirro, a member of the Presidential household, in which he expressed his "profound regret" ebout the threat and offered to put himself completely at my disposal.

But for all the private posturing, the Government's public position consoled few Britons living in Argentina this week. Not only was there no official statement condemning the threats, but two senior Ministers made a point of publicly expressing the very views that may have stimulated the outburst of anti-British feeling.

On the same day that several British journalists asked for police protection, the Minister of Defence issued a public statement supporting Sr Osvaldo Destefanis, the organiser of the relatives' trip. The Minister described the planned visit as "purely humanitarian" and strongly condemned Mrs Margaret Thatcher for her "disrespect" for the relatives of the dead.

The British take a very different view. The International Red Cross shares their suspicion that Sr Destefanis surpassed the purely "humanitarian" when he insisted on chartering a boat from the Argentine state-controlled shipping line Elma, and on taking journalists with him. Sr Destefanis swears that he has no connection with the ormed forces, but very little is known about him except that he is related to a senior naval officer and has several friends in the army.

Mr Cranley Onslow, the Foreign Office Minister of State, has described Sr Destefanis as a "freelance opportunist" et the centre of an "Argentine propaganda ploy." Privately, British officials say that if Sr Destefanis pushes ahead with the trip he runs the risk of transforming the war relatives into a latter-day version of tha scrap merchants whose landing on the island of Sonth Georgia just over a year ago provoked the war.

Both sides last week were conveying a sense of dejá vu. The British argue that to allow an Argentine ship flying its colours to enter Falklands waters would be tantamount to recognising Argentine sovereignty over the islands. The Argentines criticise Mrs Thatcher for "overreaction" and "colonialist arrogance," and assert thet the relatives have every right to go to the islands in any way they please because the "Malvinas were, are, and always will be Argentine."

Meanwhile, as Britain warned that it would use its warships to prevent Sr Destefanis's ship from entering the exclusion zone, the Argentine navy used its own kind of brinkmanship. On the day Britain officially banned the trip, o navy spokesman announced that the Argentine fleet was engaged in annual exercises "somewhere in the South Atlantic."

Argentine officials say that it is not preparing to use Sr Destefanis's expedition as an excuse for e fresh military adventure. They do confirm, however, that a decision has been taken at senior level to upgrade the importance of the Malvinas issue. In practice, this has already produced a major diplomatic offensive, as shown by Argentina's outspoken support for the Non-Aligned Movement in return for the Movement's backing at the United Nations for Buenos Aire's claims to the islands.

At the same time, the Argentine armed forces are maintaining their refusal to declare a formal cessation of hostilities, preferring instead to pursue a policy of "limited harassment" of the British garrison. Military logic has it that the more "red alerts" British troops are subjected to, and the longer the existence of "Fortress Falklands," the greater the financial strain will be on the British Treasury and the greater the potential for internal dissent.

"Sooner or later, the British taxpayer is going to ask himself whether it's worth paying all this money simply because the lady has refused to negotiate. We have time on our side and we know we will win in the end," said e senior naval official last week.

The Argentina media, meanwhile, is in the process of converting Sr Destefonis into a hero, struggling against the odds to push ahead with his journey. His exploits over the past week have virtually overshadowed all other matters of domestic interest such as human rights violations, foreign debt and military corruption.

There may be more than one military officer secretly delighted that what began as a minor incident has once again turned into e crucial issue of national honour.

Mr Cranley Onslow, Foreign Office Minister, arrived in Quito at the week-end at the start of a fence-mending tour of four South American countries during which he will seek support for Britain o year after the war over tha Falkland Islands, Stephanie Gray rites.

He hopes to secure mainland air and sea links considered vital if the Falklands are to become economically tenable.

The South Americans, however, see question of landing rights, for British aircraft especially, as ono of the few levers they have that may ensure that Britain comes eventually to the negotiating table with Argentina over sovereignty of the islands.

Mr Onslow is visiting the capitals of Ecuador, Chile, Uruguay and Paraquay. The hope is that each of the countries might try to tone down Argentina's sovereignty claims in the Organisation of American States and other international forums.

While each of them took a moderate—perhaps even covertly helpful—line during the war over the Falklands, it seems unlikely for the moment that they would risk the ire of their neighbours by providing a staging post unless, as shown recently by Uruguay, it could be justified on humanitarian and temporary grounds.

The logistics of ferrying the 500 bereaved relatives of British troops to the Falklands a fortnight ago would have been very much more difficult had it not been for Montevideo's assistance.

In Quito, Mr Onslow was expected to lend a sympathetic ear to Ecuador's complaints over its long-standing border dispute with Peru and to pleas for a more equitable balance of trade.

Last year, British exports to Ecuador—hardly touched by the South Atlantic conflict—amounted to £60.7m. Imports, mostly of coffee and bananas, reached only £9.8m.

The Minister moves on to Santiago today. Chile hugged itself quietly when it saw Argentina beaten in the Falklands. It has its own territorial dispute with Buenos Aires over the Beagle Channel, the justice of which it will want to press.

Chilean officials may also be seeking supplies of parts and replacements for the large amount of British equipment employed by the armed forces and it will certainly be looking for help in grappling with its parlous finances.

Chile's past and present Finance Ministers were in London earlier this year for talks with the banking community on rescheduling $3.5bn of its $17bn (£11.3bn) foreign debt.

While Mr Onslow will be exploring ways of improving transport and communications with the Falklands, Foreign Office officials say the problem will not stop him lobbying for improvements in tho Chilean junta's human rights record.

The balance of trade remains in Chile's favour with 1982 exports to Britain at £111m and imports at about £57m.

Uruguay, next on the list, remains the most likely of tho four to offer Britain help.

A deal on landing rights would bring in much needed foreign exchange and could eventually be swung on the condition that only non-military equipment were shipped, and only in the context of Montevideo's full acknowledgment of Argentina's sovereignty rights.

In Paraguay, the Minister will merely be seeking the government's good offices in Britain's on-going fence-mending exercise on the South American continent.

France to curtail language restrictions

By John Wyles in Brussels

THE European Commission has removed tho threat of a Europoan Court action against France following agreemont on important changes to regulations requiring the use of French on import documents.

Paris introduced wide-ranging language requirements last October in a move widely seen as another step down the French road to Protectionism. The Commission argued that the measures appeared to breach Articlo 30 of the Treaty of Rome.

In an important concession, France is no longer insisting on checking at the border for the use of French on documents not directly related to import procedures.

Customs *declarations*, meanwhile, must be written in French, but not so other documents such as bills.

The settlement removes one source of tension between Paris and Brussels which should soon be followed by the lifting of another protectionist French regulation—the insistence that all videocassette recordors pass through tho single import post at Poitiers. France is expectod to abandon this requirement next month following Japan's agreement to limit the volume of its VCR shipmont to tho EEC.

● A meeting to discuss a dispute between the U.S. and tho EEC ovor the sale of wheat-flour, brought before tha Subsidies Committee of the General Agreement on Tariffs and Trade (Gatt) has ended without agreemont and bas been referred to further sessions in Geneva next month, Anthony McDermott writes.

Export credit insurance rates are staying low despite mounting claims. **Christian Tyler explains**

When losing money can be good for business

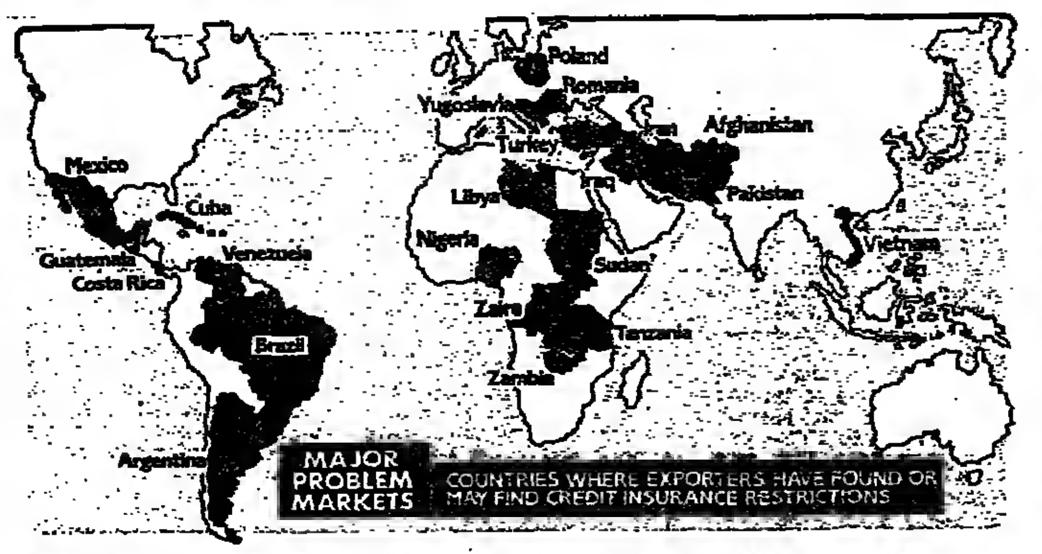
BRITISH companies were told last week that they had just enjoyed the best bargain year in the history of export credit insurance.

Similar bargains are being enjoyed by exporters throughout the Industrialised world. The reason is the mountain of bad debt that has built up—and is still building up—in their markets. Foreign exchange crises, wars and bankruptcies have sent creditor companies running to their national insurance agencies with unprecedented claims: of the 13 top international credit insurers, oight are believed to be paying out more than they are recolving in premium iucomo.

In a sense, of course, it is their job somotimes to lose money. As an official of tho British Export Credits Guarantee Department put *it* "We arn't hore to make money. We're hore to take the risks that the privato sector can't handle. Wo baven't really dono too badly for tho worst recession in trading history."

Tho debt mountain overshadows the meeting that started in Paris yesterday of OECD officials wbose job it is under the so-called Consensus arangement to find the fairest way of keeping under control the international competition in export credit interest rates.

They are attempting to determine the right level or framework of minimum rates that should be charged on medium-term loans to buyers of goods all over the world. But the worries of tho combatants in Paris palo into *insignificance* compared with the fears of export insurers who see their recent troubles in Poland, Iran and Iraq about to be repeated in Latin America.



MAJOR PROBLEM MARKETS COUNTRIES WHERE EXPORTERS HAVE FOUND OR MAY FIND CREDIT INSURANCE RESTRICTIONS

BRITAIN'S ECGD has said its pay out claims *over* the last 12 months had doubled to nearly £600m. While it is facing a drain in its cash reserves, other export credit insurance agencies face similar problems.

● Japan's EID lost Y8bn (£22m), and paid out Y62bn in claims in 1982-83. It reserves stand at Y100bn.

● Italy's Seizione Speciale per l'Assicurazione del Credito all 'Esportazione (Sace) is running at a loss of L200bn (£90m) after paying claims of L500bn last year.

● Sweden's Exportkreditnamnden (EKN) lost SKr 319m (£28m) in 1981-82 may continue in deficit because of exposure in Poland.

● Switzerland's Exportrisikogarantie (ERG) lost SwFr 200m (£64.1m) in the last financial year on claims of more than $170m.

● *The financial position of* France's Compagnie Française d'Assurance pour le Commerce Exterieur (Coface) is unclear but it is believed to have been making losses for three of tho last four years.

● The West German Hermes organisation registered a DM 24m (£10m) surplus last year on total insurance coverage of DM 150.6bn.

Credit insurers are a mixed bunch: many are private, or semi-private. Others are a disguised extension of their governments' export promotion strategy. Although they report to each other *almost daily* on markets and big claims through the Berne Union club, they pursue quite independent policies. Their premium rates vary quite widely. Nor do they have a collectivo perception about the insurance risks of countries with which they are all involved. In somo cases, this is simply because they are not themselves bearing the political risk, but *pass it on to government institutions*.

What most have in common is a deficit or tha prospect of a deficit, as tho panel above explains.

The big problem countries have been Poland and Romania, Iran, Iraq and large areas of Africa. Now it is developments in Latin America, particularly Argentina, Brazil, Mexico and *the smaller* Central American countries that are making export insurers tremble.

The cautious Japanese are believed to hava stopped insurance completely on 15 countries and restricted it on about 80. Britain has taken insurance cover off only half a dozen countries, including Argentina, Poland, Afghanistan and Zambia. Severe restrictions *apply to* Romania, the Sudan and Tanzania which mean that the exporter may have to produce a "confirmed, irrevocable" letter of credit. Slightly less stringent conditions would presently be imposed on countries *like* Nigeria, *Libya*, *Iran* and Pakistan.

Most agencies are trying to keep their premium insurance rates Internationally competitive. Again, it is difficult to compare rates, since policies are both complicated and *various*. Japan's appears to be the cheapest despite recent increases of between 20 and 40 per cent. Rates are said to rango from below 0.4 per cent to around 3 per cent.

For a rougb comparison, EID insurance might cost about 17p per £100 compared with 50p per £100 with the ECGD. U.S. and Scandinavian rates are among the dearest, and Sweden's EKN raised its premiums by no less than 50 per cent last year.

A Swiss exporter might pay from 1.25 per cent up to 6 per cent if he wants his currency risks covered as well. Hermes of West Germany offers 0.85 per *cent for short-term business* and 1.3 per cent if political risks are covered (a premium unchanged for 30 years). Britain's ECGD is raising its rates again from July 1 by 5-15 per cent according to policyholders' records and will levy a surcharge of up to 50 per cent for very high risk countries.

The performance of export insurance agencies depends ou the spread of markets that they can get companies to take policies on. Most of their business is on short-term cover (up to six months, a year or two years); some secure themselves by insisting the exporter gives them all his overseas business or none.

For a young organisation like tho Italian SACE, life is especially difficult because it tends to get all the bad risks but not enough of the good. *There are also wida discrepancies* in the amount of a nation's trado that is insured by State-backed agencies. At the top end, Japan's EID covers over 40 per cent of exports, followed by over 30 per cent for tho British ECGD, and about 30 per cent for Cofaco of France. The West Germans insure only 9 per cent and the Swedes 7 per cent.

It used to be assumed that commercial risk insurance — against bankruptcy or *default* by private buyers abroad — was profitable and that political risk — country defaults — was best borne by governments. The recession has changed the calculation. Bankruptcies in parts of Europe in the *U.S.* and Canada as well as in developing markets have hurt the insurers' basic short-term commercial business.

As agents or guarantors of export finance the export credit insurers bave *one common* interest: tho terms on which country debts are rescheduled. Most agencies arguo that these essentially political questions have reduced the role of the Berne Union, and *handed* tho *intiative to the* DECD. However, there may yet be some attempt within the Union to find a common line on a question that so intimately concerns its members.

EEC aim to water down U.S. export controls

By Paul Cheeseright in Luxembourg

MR FRANCIS PYM, the UK Foreign Secretary, *yesterday* swung the EEC in behind a fresh diplomatic effort to persuade the Reagan Administration to water down its system of foreign policy and national security export controls.

The resurgence of differences between the EEC and the U.S. over U.S. claims to use its laws to control the activities of companies based in other countries emphasises the clash over commercial policy during the build-up to next month's Williamsburg summit.

The issue is now thought likely to be raised at the summit, especially in the context of East-West trade exchanges.

Sir Roy Denman, the EEC representative in Washington, and ambassadors from the EEC member states will make new approaches to the Reagan Administration and to Congress starting later this week.

The aim is to win changes in a new Export Administration Act now being discussed in the Congress. It is feared that unless changes are secured within the next three or four weeks, the Bill will be too deeply embedded in Congress to be altered through outside pressure.

The present Export Administration Act, used last year to hinder the flow of goods from European countries to the controversial *Siberia-West Europe gas pipeline*, expires in September.

Reagan Administration officials have made it clear that they will not drop their claim to control over the overseas subsidiaries of U.S. corporations.

India attempts to save $2bn Iraq contracts

By K. K. Sharma in New Delhi

THE Indian Government is trying to save at least 70 engineering and civil construction contracts in Iraq worth over $2bn that are *endangered by Baghdad's* financial problems.

The Iraqi authorities have let it be known that the projects are threatened by payment difficulties and have sought talks with the Indian contractors.

Indications are that New Delhi will have to provide around $100m this year to keep the projects going. This is around half the finance required for them in 1983 and even this will provide only a temporary respite.

Apart from the direct losses involved in the possible cancellation of the contracts by Iraq, India will lose heavily because as many as 60,000 Indian workers employed at the projects face repatriation. Their remittances of earnings bave been a vital source of foreign exchange for the country.

Iraq has indicated it would like to salvage tha threatened projects but is finding this difficult. If India helps for the present, the Iraqi Government has indicated that it will limit the escalation in costs arising out of rephasing the projects.

Iraq had earlier asked India to buy more crude from it as a means of financing the threatened projects, but this has not been possible because the country's needs for this year have already been arranged from other sources in the Middlo East, including Iran.

Romania oil deal

ROMANIA will buy 1m tonnes of cruda oil and increase its non-oil purchases from Iran, the official Iranian news agency Irna said yesterday, Reuter reports from London.

Boom in bulk carrier orders for Japanese shipyards

BY YOKO SHIBATA IN TOKYO

JAPANESE shipbuilders are enjoying a boom in orders for small-sized bulk carriers. In March and April at least 70 bulk carriers are believed to have been ordered, according to the Japan Shipbuilders Industry Association. This increases the backlog of orders for small bulk carriers to a total of 5m deadweight tons.

Only two weeks ago Japan's Ministry of Transport told 33 Japanese shipbuilders to reduce capacity after last year's new orders plummeted by 52 per cent to 4.66m gross tons.

The current rise in orders for bulk carriers is enough to keep Japanese shipbuilders busy for at least two years.

Orders for 60 bulk carriers were placed by Sanko Steamship, Japan's leading tanker-bulk carrier operator under its fleet restructuring programme. The company wants to take advantage of current rock-bottom shipbuilding costs.

Triggered by Sanko's massive orders for bulk carriers, European shipowners, particularly Greek owners, having judged that shipbuilding prices have hit the bottom, rushed to order from the middle of last month. This is reflected in the upsurge of ship export orders received in March, double the February level, to 989,900 gross tons and up by as much as 5.7 times from a year ago, according to the Japan Ship Exporters Association.

However, the Japan Shipbuilding Industry Association is worried that delivery of such a large number of bulk carriers from the latter half of next year will result in over-tonnage in bulk carriers, since no steep upturn of seaborne trade is in sight. During the next few years, Japanese shipbuilders may have to pay the penalty for these unprofitable orders, industry sources fear.

● Daewoo Shipbuilding's celebrated order to build 14 container ships for U.S. Lines has been cut to 12 ships at a total contract price of $600m, down from the $780m agreed to over a year ago, writes Ann Charters in Seoul. A revised contract for the world's largest merchant ship order was signed in New York late last week between U.S. Lino's owner Mr Malcolm McLean and Mr Kim Woo Chong, chairman of the Daewoo group, one of Korea's largest enterprises with $3.35bn in sales last year.

Although the two companies agreed to build the container ships over a year ago, Daewoo indicated that work had not begun because U.S. Lines had specified new design and operational modifications, including a redesigned engine to use less expensive fuel.

Because of the changes, the extra two vessels are no longer necessary according to Daewoo. The container ships, at 68,000 deadweight tons each, will be the largest in the world with a capability of carrying 2,100 40-ft containers. The first ship is to be delivered in the third quarter of 1984 followed by another ship every month thereafter.

Because of the competition the expended U.S. Lines' fleet would impose on a depressed market, the order has caused concern among other shipping companies.

Finance for the order has never been completed, and 30 per cent of the current contract financing is yet to be arranged.

SAA to fly non-stop to London

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN Airways is to introduce non-stop flights from Johannesburg to London on June 3.

The service will operate on on Fridays and Sundays and will cut flying time by almost two hours to 13½ hours. Tho airline's other daily flights to London will continue with one stop.

The northbound non-stop service is another milestona in SAA's efforts to cut out refuelling stops in countries which may withdraw its landing rights for political reasons.

Its flights to Europe have been routed around the western "bulge" of Africa since 1963 when black African countries decided to refuse it landing and overflying rights. Refuelling stops are presently made at Sal Island (part of the Cape Verde *Islands*), Las Palmas and Abidjan.

SAA introduced non-stop southbound flights from London several years ago, but Johannesburg's high altitude (almost 6,000 ft) has up to now prevented large commercial aircraft taking off with a full load of passengers and fuel.

The new service will initially be operated with the airline's *two new* Boeing 747-300s, a stretched upper-deck version with a seating capacity of 394 passengers.

These aircraft have been fitted with more powerful and fuel-efficient Pratt and Whitney engines than the rest of SAA's 747 fleet.

British Airways also operates a daily service between Johannesburg and London, with a stop in Nairobi.

Pakistan seeks more foreign investment

By John Elliott

THE GOVERNMENT of Pakistan wants to encourage foreign investment in all its "capital intensive and sophisticated industries" to help it to double the rato of growth of private sector investment to 15 per cent a year over the next five years. This policy, which forms a key part of the country's five-year plan starting in July, was announced in London yesterday by Mr Ghulam Ishak Khan, Pakistan's Minister of Finance.

"Speaking at a Confederation of British Industry conference on investment in Pakistan he said that investment was especially needed in downstream steel and steel-based industries, export-oriented industries based on domestic raw materials and high technology businesses.

The five-year plan is being finalised and envisages the growth of Pakistan's economy being stabilised at around 6 per cent to 6.5 per cent a year.

"Growth in the economy is no longer to be regarded as a chancey phenomenon, depending on weather, or uncertain world developments," said the Finance Minister, who is now preparing his annual budget for publication early in June.

UK NEWS

Institutions' investment overseas rises 38%

By Max Wilkinson

BRITISH financial institutions increased their overseas investment by 38 per cent to £4bn last year, according to official figures issued yesterday.

The figures, from the Central Statistical Office, show that the institutions, including the pension funds and insurance companies, invested £3.23bn in overseas companies last year, an 18 per cent increase compared with the equivalent figure for 1981.

In addition, they bought £800m overseas government securities compared with only £166m in the previous year.

The greatest surge in overseas investment was in the final quarter of the year when more than £1bn of overseas equities were purchased. This compared with an average of about £630m a quarter in the earlier part of the year.

This sharp increase in overseas purchases was surprising on the face of it , because the 12 per cent depreciation in the value of sterling will have tended to make overseas securities more expensive to UK buyers.

One possibility is that the institutions were anxious to build op their overseas portfolios in fear of a further slide in sterling. Some fund managers may also have been influenced by the market anxiety at the time about the effects of a possible Labour election victory. It was thought this could depress sterling and lead to the reimposition of exchange controls.

The figures show that the total inflow of funds into the institutions was £26bn in 1982.

Finance house in talks over Rumasa stores

By Alan Friedman, Banking Correspondent

GUIDEHOUSE, a small London-based corporate finance service, has approached the Spanish Government to secure information which could lead to the acquisition of Galerias Preciados, the major Spanish department store group which was part of the expropriated Rumasa empire.

Guidehouse chairman Mr David Michaels said yesterday: "We are making inquiries about the possibility of there being a viable business to appeal to UK buyers."

Mr Michaels would not say with which UK stores groups he has been in touch.

Galerias Preciados has enjoyed an annual turnover of more than £165m

British Gas to prepare sale of N. Sea assets

BY RAY DAFTER, ENERGY EDITOR

THE Government has told British Gas Corporation to prepare for the early sale of some of its North Sea oil assets. The sale could raise between £350m and £550m for the Treasury, according to City of London estimates.

Mr Nigel Lawson, Energy Secretary, has told Sir Denis Rooke, British Gas chairman, that the Government wants to transfer the Corporation's interests in six offshore fields to a holding company early next month.

At a later date, the assets would be transferred to the Energy Secretary and then sold to the private sector. Mr Lawson has two options: he can either offer the public shares in the holding company or sell the assets to other exploration groups. The Government has still to take a decision on the route to privatisation.

Mr Lawson wants to complete the sale this year as part of a broader scheme to restrict the Gas Corporation's interests.

British Gas, under government orders, has now created four subsidiary companies to administer its commercial North Sea assets. These comprise: block 9/13a containing the Beryl A and B fields; blocks 22/17 and 22/18 with the Montrose Field; block 211/27 incorporating the North West Hutton and Hutton fields; and block 30/11b containing the Fulmar Field.

The Corporation has a minority interest in all six fields, four of which – Beryl A, Montrose, Fulmar and North West Hutton – are now on stream. The other two fields are due to be commissioned next year.

Stockbrokers Wood, Mackenzie yesterday valued the assets at between £500m and £550m, while Hoare Govett, another City broker, estimated the assets to be worth nearer £350m – £400m.

● A North Sea exploration consortium, led by Britoil, has begun testing oil production from a small field 125 miles north east of the Shetland Islands. Known as block 211/18a Area One, the reservoir could contain between 10m and 15m barrels, according to industry analysts. The field is two miles west of the Thistle Field.

Software Sciences buys Altergo company

BY JASON CRISP

SOFTWARE Sciences, a subsidiary of Thorn EMI, has bought Altergo (Software), the largest company in the Altergo group which went into receivership at the beginning of this month.

The purchase of Altergo (Software) almost completes the sale of the Altergo group, which was the leading independent British software supplier for IBM computers. Ten days ago, Data Logic, a subsidiary of the U.S. group Raytheon, bought two of Altergo's main subsidiaries.

Software Sciencies paid about £750,000 for Altergo (Software).

Six companies were thought to be competing to buy Altergo (Software) including Telecomputing and Logica. Software Sciences, based in Farnborough, Hampshire, and employing over 500 professional staff, was bought by Thorn EMI last year from BOC.

TV-am audience dips

BY RAYMOND SNODDY

TV-am, the commercial breakfast television channel, suffered another blow yesterday in its battle with the BBC for the early morning audience.

After several weeks at 400,000, the TV-am audience fell to 300,000 in the week ending April 17 to equal the low point reached just before the resignation of Mr Peter Jay, the former chairman.

In the same week the BBC audience for breakfast television rose from 1.3m to 1.5m.

TV-am declined to comment on the latest figures – but the news that the BBC now has an audience five times greater than the commercial channel must increase the pressure in a week when the management is seeking staff agreement to sharp cuts in costs and the Independent Broadcasting Authority has indicated it is watching programmes very carefully.

The slide to 300,000 must be particularly disappointing because some programme changes have already been introduced.

Merchant bank drops UDS after 10 days

By Ray Maughan

CHARTERHOUSE JAPHET completed one of the shortest ever merchant banking assignments for a corporate client yesterday when after just 10 days it stepped down as financial adviser to the executive directors of UDS Group.

Deep fissures appeared in the UDS board on April 15 when the executives replaced the group's long-serving merchant bank, Hill Samuel. Charterhouse Japhet came in with the brief to present its support of the bid by Bassishaw Investments for the multiple and department stores retailer.

Two directors, Sir Robert Clark, the chairman and head of Hill Samuel, and Mr David Jessel, of Eagle Start, distanced themselves from the executive majority by advising UDS shareholders to take the higher offer from Hanson Trust.

After the declaration of Hanson's outright victory at the end of last week, the UDS executives were quick to change their advice to shareholders after a board meeting yesterday. Hanson's cash – or shares-and-cash – offer is now unhesitatingly recommended by the entire board. Charterhouse Japhet went out as Hill Samuel took up the advisory reins again.

The composition of the board changed immediately after the unanimous recommendation when following earlier consultation with Sir Robert, Hanson Trust's representatives took their places for the first time around the UDS boardroom table.

BFCI removed from Bank of England's list

By Our Banking Correspondent

BANQUE Française de Credit International (BFCI), the London consortium bank which is ceasing trading and is being taken over by its shareholders, has been removed from the Bank of England's list of recognised banks.

Credit Commercial de France (CCF) and Banque Internationale pour l'Afrique Occidentale (BIAO), the two BFCI shareholders, have each opened their doors as the newest additions to the Bank of England's list of licensed deposit takers, the second category under the Banking Act 1979.

The shareholders of the consortium bank decided last autumn that their interests would be better served by opening their own branches rather than via a continuing joint venture.

UK NEWS

Service sector key to job growth

BY IAN HARGREAVES

IN THE SEARCH for more jobs, it is widely acknowledged that an advanced economy such as Britain's will depend heavily upon growth in the services sector.

One of the country's problems in the recession has been its failure to generate additional services jobs, at a time when the rapid erosion of parts of its manufacturing base, coupled with a rising workforce, have been throwing more people on to the labour market.

In September 1978, the service industries employed 12.9m people, or 58 per cent of the workforce. In September last year, there were 12.86m jobs, accounting for 63 per cent of the total.

Most of these service jobs – 54 per cent – are held by women, and almost half of these jobs are part-time. The figures in the top table are in full-time equivalents.

Within that stagnant total, however, the last decade has seen dramatic change. The distributive trades, the largest single sector of service employment, have suffered a slight decline in total employment as some large retailers, such as Woolworth, have declined.

Twelve of the top 25 service employers have significant retailing activities, the largest being Boots, the pharmaceutical chain.

The banks also figure prominently. They have all experienced strong employment growth in the last decade, although there are signs that that has tailed off. Midland Bank reduced its staff between 1981 and 1982.

Some of the biggest employment gains are primarily a result of merger and acquisition. That is the case with Grand Metropolitan and Thorn EMT.

SERVICE INDUSTRIES – EMPLOYMENT

	No. of employees, 1982	1981	1,000, mid-June 1973	% change 1981/82	1973/82
Transport and communication	1,372	1,421	1,524	–3.45	–9.97
Distributive trades	2,653	2,714	2,744	–2.25	–3.32
Financial, business, professional and scientific services	4,955	4,946	4,308	0.18	15.01
Miscellaneous services*	2,484	2,522	2,153	–1.51	15.37
Total service industries	11,464	11,603	10,729	–1.20	6.85

* includes catering, hotels etc., excludes private domestic service.

SERVICE COMPANIES – EMPLOYMENT

	1982	1981	1973	% change 1981/82	1973/82
Grand Metropolitan	99,202	103,129	94,166	– 3.81	5.35
Thorn EMI	78,083	90,984	46,300	–14.18	68.65
Barclays Bank*	75,225	73,481	58,875	2.37	27.77
National Westminster*	74,653	73,668	59,292	1.34	25.91
Midland Bank*	71,800	72,300	53,100	– 0.69	35.22
Boots	63,886	66,100	60,334	– 3.35	5.89
Sears Holdings	53,000	57,000	62,000	– 7.02	–14.52
F. W. Woolworth	51,898	54,949	82,443	– 5.55	–37.05
Tesco Stores	49,610	50,578	34,262	– 1.91	44.80
Trusthouse Forte	48,000†	50,000	45,000	– 4.00	6.67
Lloyds Bank*	47,946	46,375	37,234	3.39	28.77
J. Sainsbury	47,089	42,606	29,879	10.52	57.60
Marks & Spencer	45,703	44,646	37,094	2.37	23.21

* 1982 employment figures not available. 1981 and 1980 figures used. † Year end figures.
Thorn EMI – 1973 figures refer to EMI, 1981 & 1982 are for Thorn EMI.
Banks – 1982 UK employment figures are not available. There are figures for banks only, excluding any subsidiaries etc. Numbers are. Barclays – 65,000 est. year-end figure. National Westminster – 67,500 est. year-end figure. Midland – 67,246 est. year-end figure. Lloyds – 47,000 est. year-end figure

PUBLIC SECTOR SERVICE COMPANIES – EMPLOYMENT

	1982	1981	1973	1981/82	1983/82
British Telecom	245,882	245,505	240,105	0.15	2.41
British Rail*	212,730	227,252	250,083	– 6.39	–14.94
Post Office	178,038	181,310	173,178	– 1.80	2.81
British Airways	47,753	53,616	54,500	–10.94	–12.38
BBC**	27,942	27,594	24,000	1.26	16.43

* Staff on payroll at the end of each year.
** 1973 figure approximation.
Research: Jan Schling, Editorial Research Desk

Economic recovery is a mirage, Labour's Kinnock tells union

BY BRIAN GROOM, LABOUR STAFF

REPORTS of economic recovery were dismissed as a mirage and a fraud yesterday by Mr Neil Kinnock, Labour's education spokesman, in an election-style address emphasising the extent to which Labour campaigning will highlight unemployment and the economy.

The "little pimple of an upsurge" arose from restocking after three years of run-down, the export price cut caused by a fall in the pound, which could easily be reversed, and the fall in inflation, which was about to rise again.

Recovery was created in the imagination of Sir Campbell Fraser, president of the Confederation of British Industry, and the propaganda of Premier, Mrs Margaret Thatcher. He said: "There is no recovery around the corner under Thatcherism."

Mr Kinnock won a standing ovation after his speech to the annual conference of the 109,000-member Association of Professional Executive Clerical and Computer Staff (Apex).

His invitation to address one of the right-wing unions affiliated to the Labour Party does not mean Apex would support him for the leadership if Mr Michael Foot went, but illustrates the breadth of Mr Kinnock's appeal.

Mr Kinnock said the current election fever resulted from fear in Conservative minds that a prevaricating prime minister posed a threat to share prices.

He said 150,000 office jobs had been lost while imports of Japanese automated office equipment rose by 82 per cent. New workers were being taken on in Japan and South Korea to manufacture more office equipment.

He declared: "When office jobs are being wiped out by imports and there is no compensatory rise in British employment in machine and computer manufacture, this Government is only resolute in one activity – collaboration in the sabotage of industrial Britain.

"We will expand demand through manufacturing investment and reconstruction of basic industries and essential services. People will be able to sell their labour again."

Mr Kinnock said the 1979 Tory pledge to cut taxes was "the biggest deceit." A married couple with two children on average earnings of £163 a week was paying £7.95 a week more in real terms in tax and insurance than four years ago, and only couples earning more than £29,557 had made tax gains.

● The 400,000-strong Union of Shop, Distributive and Allied Workers yesterday declared wholehearted support for the Labour Party-TUC National Economic Assessment. The union's conference rejected left-wing moves to oppose "wage restraint or incomes policy in any form with any government."

BP plans to convert plant for ethylene

By Mark Meredith

BP CHEMICALS yesterday announced that it was to convert its petrochemical works at Grangemouth, Scotland, at a cost of £28.5m, to take in two new types of feedstock and produce ethylene and other products more cheaply.

The decision to convert the plant to less expensive ethane was announced by BP yesterday after government approval for construction of a pipeline to carry ethane from the Mossmorran gas separation plant, Fife, to Grangemouth.

BP produces ethylene from naphtha, an oil-based product brought into the cracker from the BP oil refinery nearby in Grangemouth.

The conversion will allow the plant to use less expensive ethane as well as "dry gas," which will be separated from the oil flowing into the Grangemouth refinery along a pipeline from the Forties field offshore. This will give the plant flexibility with three sources of feedstock.

Although naphtha prices have fallen recently, BP managers said there was a long-term need to end the petrochemical works' reliance on naphtha. The Grangemouth cracker will now be able to produce two thirds of its products from ethane.

A similar move to diversify the feedstock into the BP cracker at Baglan Bay in South Wales is expected to follow soon.

In a parallel development with the Government's approval of an ethane pipeline last week, the go-ahead was also given for an ethylene pipeline from Mossmorran to Grangemouth, to be laid alongside the ethane pipeline.

When complete, this will link the four petrochemical crackers and their downstream product works in Scotland and the North of England.

A further pipeline links Grangemouth to the ICI works at Wilton.

UK Alcan forecasts profits

By Maurice Samuelson

BRITISH Alcan, the company formed last year as a result of the takeover of British Aluminium by Alcan (UK), expects its aluminium foil division to be trading at a profit by the end of this year, thanks to growing demand and the pruning of its loss-making capacity.

The company, which claims about 50 per cent of the UK foil market and an annual turnover of £80m, aims initially to regain the combined tonnage held previously by its two constituent companies and subsequently to win back business currently in the hand of importers.

Mr Malcolm Shearer, managing director of British Alcan's foil division, said yesterday that there was considerable growth potential, thanks to changing patterns in food purchasing and the trend towards flexibly packed convenience foods.

The company's improved outlook also reflected the recovery in prices for aluminium on the London Metal Exchange from less than £800 a tonne last autumn, to more than £900 at present.

Nearly 40 per cent of the UK foil market is covered by imports, mainly from West Germany, France, Switzerland, Austria, Italy and Scandinavia.

Stability forecast for industrial fuel prices

BY RAY DAFTER, ENERGY EDITOR

INDUSTRIAL buyers of fuel can expect stable or falling energy prices over the remainder of the year, according to a report published this week.

Energy Publications, in its latest quarterly Energy for Industry and Commerce report, says that prices of refined oil products in particular are set to decline over the coming months.

The average price of gas oil is expected to fall by as much as 10 per cent on the basis of "reasonable world order and crude oil supplies." On this basis, large industrial concerns now paying 17.25p-17.75p per litre (the equivalent of 47.5p-49p a therm) could expect to pay between 15.5p and 15.75p a litre in the fourth quarter.

The price of heavy fuel oil – currently around 12.25p-12.5p per litre – is also expected to fall, possibly to about 11.5p-11.9p a litre (29.75p-30.5p a therm) in the fourth quarter.

Coal prices are not likely to rise in the next month or two, the report states. Prospective new customers were being wooed by some attractive price offers.

Energy Publications says, however, that some increase seems possible later this year given the current state of the National Coal Board's finances.

The report speculates that coal prices to large industrial customers could rise marginally from £55-£62 a tonne (21p-23.5p a therm) at present to £57-£63 a tonne in the fourth quarter.

Industries buying gas on an interruptible basis could also see prices rise very slowly, from 25p-26p a therm to 26p-26.5p a therm in the fourth quarter. However, buyers of gas under firm contracts have been told by British Gas that rates will be held until at least October.

The Energy Publications report says there might be a relatively minor adjustment after that. Similarly prices for tariff gas are expected to rise only marginally.

Energy for Industry and Commerce; Energy Publications, PO Box 147, Cambridge; £40 annually.

Fewer men for universities

By Michael Dixon

THE FIRST recorded drop in applications by UK men for university undergraduate courses was reported yesterday by the Universities Central Council on Admissions.

The official count of candidates for undergraduate courses starting this autumn showed that numbers of UK men had declined by 254 from last year's peak of 89,294. A continued increase in applications by UK women, however – from 64,674 to 65,328 – has provided a net rise of 0.3 per cent in the total number of "home" applicants.

The count also showed a continued increase, of 3.6 per cent, in applications from outside the UK.

Scottish bank to expand

Financial Times Reporter

THE ROYAL Bank of Scotland yesterday announced plans to open branches in Leeds, Birmingham and Southampton during the year.

The new branches will be among 20 which the bank plans to open in major English cities in the next few years. The bank already has nine branches and a city office in London.

The Scottish banks have been expanding their business in England because the home retail banking market in Scotland is near saturation point.

Director who widened scope of FT dies at 90

MR SIDNEY HENSCHEL, former advertisement director of the Financial Times, who died at the weekend aged 90, played an important part in the FT's development as a wide-ranging business newspaper.

He joined the Manchester Guardian advertising staff after studying chemistry at a technical college attached to London University and was later the Yorkshire Post's advertisement manager. In the mid-1930s he joined the Financial News, which merged with the FT in 1945.

While with the Financial News Mr Henschel also became a well known figure in the motoring world, writing regularly on the subject.

In the post-war years, after the two financial newspapers merged, he made his major contribution to the FT's development. He is credited with starting the development of the newspaper's advertising base away from the purely financial into wider business areas.

Lord Drogheda, the FT's managing director from 1945 to 1970 and chairman from 1971 to 1975, writes in his memoirs that the newspaper had not expected the extraordinary growth in trade display, as opposed to financial advertising, which it was asked to publish in the early post-war years.

The credit for this goes to Sidney Henschel, more than to any other person, he observes.

Until his retirement in 1969 – aged 76 – Mr Henschel continued as advertisement director. Even after retirement he retained an office at the FT, appearing regularly until after he was 80.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Expansion—but within limits

John Griffiths explains why a specialist car maker decided to turn away business

GIVEN that the motor industry's biggest current headache is over-capacity, with too many cars chasing too few buyers, the problem of a small, Blackpool-based sports car maker is an unusual one.

A sizeable proportion of TVR's 100 employees were at tho company's factory until midnight oo Good Friday. They were at work until nearly midnight on Easter Saturday And they were in again on Easter Monday.

"Wo've sold the cars already; now we've got to work out how the hell to make them," says TVR's managing director, Stewart Halstead.

Though TVR is unusual in its industry, it is at the same time facing a dilemma that is classical for any small company. Faced with the potential rapidly to expand its business—should it gear up and meet the challenge or take a more cautious approach even at the expense of losing business?

TVR is taking the second course for tho simple but sound reason of historical precedent: in the early 1970s TVR had been selling all but one car a week in the U.S. "Then the U.S. market stuck, in the wake of the oil crisis, so attention was transferred back to the UK," says Halstead. "But the market had been neglected and the company went through a very bad time while people were gofting to remember it again."

Ho is therefore adamant that TVR will not plough a lot of resources into expanding production. It has turned down business from a Taiwan importer which sought to place an order for 60 of its Tasmin model cars during the current year.

Nevertheless, TVR still has a punishing production schedule. It has got to build 130 cars for the U.S. by July, and 100 each for Singapore and the Middle East for delivery this year. It expects market demand of at least 200 in the UK and more on the Continent. And this with a production ceiling that, hitherto, has been 400 units a year.

Yet at the beginning of last year, TVR was going through one of its worst patches for 16 years. At the time, new feet were getting under the chairman's and managing director's desks: those of Peter Wheeler, a 39-year-old chemical engineer who made a fortune in the North Sea oil supplies business, and Halstead himself. Wheeler had bought the company from Martin Lilley (who, with his father, Arthur, had originally bought the bankrupt remains of the first TVR concern in 1965) and then handed over 49 per cent of the equity to Halstead—"He figured it was more of an incentive than any salary he could offer," recalls Halstead, who was then sales director.

At that time TVR had spent over £500,000 developing a new model—the Tasmin—on which it is now wholly dependent. While such a sum is peanuts to volume car manufacturers it was a great deal for a company which this year will turn over between £2.5m and £3m.

One problem it had been facing was exclusion from the lucrative U.S. market because it did not meet American engine emission and safety legislation. In 1980 TVR sold 144 cars, and slightly more in 1981—below the production break-even level of about four cars a week.

The new ownership, and of crucial importance new capital, have helped transform the company. It has been ablo to spend money on development to ensure the car can be sold in the U.S.—hence the order for 130 cars.

The Middle East order came after Wheeler—who is still involved in the oil business—had met two Saudis in Riyadh who showed interest in importing the cars after seeing them at last year's UK motor show. Originally the Saudis sought 400 units, the entire annual production, but this had to be scaled down to 100.

Then came the Singapore order for 100 from Autohouse Trading, which was being set up by two Singaporean women to import British sports cars. Autohouse also imports the Kallista built by the South Korean-owned Panther Cars, of Surrey.

This domand leaves precious few cars from TVR's capacity for the UK and Continental markets—indeed, no cars will be built for the UK market for the next three months. This worries Halstead given 200 were sold in the UK last year, despite the depressed market.

Peter Wheeler (left) and Stewart Halstead, chairman and managing director of the Blackpool-based TVR sports car company; it is working to a "punishing production schedule" to meet demand

Of course, by conventional criteria of the motor industry, TVR should not be building cars at all. It has little economy of scale; it buys in its Ford engines and gearboxes and other proprietary parts, such as instruments. Its tubular space frame chassis, hand-welded, is its own, however, as is its glass-fibre body and most of its suspension and other assemblies.

At the same time the car is not cheap; the lowest priced 2-litro two-seater convertibla is just under £10,000 and its 2.8-litre car is about £14,000. This has about the same performance as Ford's 2.8 litre Capri coupe and handles in similar fashion. Yet tha Capri costs nearly £6,000 less.

The TVR is also about tha same price as the mid-range Porsche 944, which has a new sophisticated engine and sophisticated electronics. TVR admits it has to ride on tha backs of other people's technology.

So why does it sell? The answer, which TVR is well aware of and which is no doubt an additional factor behind its decision not to gear up massively for increased production, is its exclusivity.

As Halstead puts it: "Someone can spend £8,000 on a 2.8 Capri, and it goes well and everything else. But it still doesn't look much different from an ordinary one parked in Joe Soap's driveway."

The exclusivity works, though, only if the car has reasonablo integrity of build. Halstead claims it has. "With previous models we were building cars for enthusiasts, but now we are building serious cars which owners want to use and which won't let them down." The mainstay is "good basic engineering and keeping tho quality up."

Such expansion as Halstead is prepared to undertake involves perhaps another 20 added to the workforce. The additions are likely, though, to be linked with other activities being developed. This includes the possibility of selling its glass-fibre body production experience and building space-frame tubular chassis for another manufacturer. Long term, says Halstead, the special projects side of the business will grow. "But we're not going to push it. We are not going to lose sight of the fact that the mainstay of the business is building cars."

Technology markets

Licensing has been under-exploited

BY ARNOLD KRANSDORFF

THE UK's 36 industrial research associations, established after the First World War at government behest to help companies pool their research resources, have been criticised for their lack of success in the field of technology licensing.

The attack comes from two academics who are studying the use of licensing by small and medium-sized companies in the UK. Julian Lowe and Nick Crawford of Bath University's School of Management have found that technology licensing has a key role to play in innovation—itself frequently a crucial facet of small company growth. Licensing works both ways, as a means of introducing new products or processes to a company, and of helping that company sell its knowledge.

Lowe and Crawford have concluded from their research into 15 of the most important research associations that their rolo in technology licensing "has not been that substantial."

"On average the research associations in our sample were involved in two technology licensing deals each year and few felt it part of their remit to be involved in venture research to produce marketable industrial property."

The majority of research associations, which used to be assisted by a large Government subsidy, were "privatised" in 1970, since when they have been funded by industry itself, mainly tho larger companies. Only a few are still subsidised by the Government.

Instead of venture research, say the researchers, "they found it better to involve themselves reactively in co-operative research projects when they acted both as co-ordinators and sub-contractors for specific research tasks.

"It seems that even with their substantial background of research in particular areas tho problems involved in setting specifications, taking risks and then selling licensable research results were sometimes prohibitive. Possibly the background and history of the research associations along with their lack of a clear profit motive, is responsible for this relative inactivity in technology markets."

Lowe and Crawford, who made their criticism last Friday ot o seminar in Bath on local business development through innovation and technology licensing, disclosed that there had been a fourfold increase in licensing royalties received between 1969 and 1979 and a similar growth in licensing payments over this period. Currently the UK has a surplus on its "technology royalty" account of almost £150m.

They say that while licensing appears to be dominated by the large companies, it can present very real benefits for the smaller company as well.

It presents a means of expansion which would otherwise be unavailablo, they say.

"Recent studies of small firms have suggested that tho rapid growers frequently havo cash flow and liquidity problems. Certainly, licensing out allows a firm in this position to capitalise on its industrial property by selling this to a licensee who effectivoly speeds up the flow of cash stemming from the exploitation of the market. Similarly, with licensing in, new products and processes can bo adopted quickly without necessitating original research programmes."

But their own researches show a very high level of ignorance by small companies, patent agents and lawyers over the best way to negotialo licensing deals.

"Questions of how to price a licence, and for what period, and to whom, are clearly difficult qnestions for which there are no set or easy answers. Licence negotiations can take a considerablo amount of management time and in a small company this could be a very scarce resource—with a high opportunity cost."

In brief . . .

MANY seminars are being held up and down the country in conjunction with the Yorkshire TV series "Be Your Own Boss," currently being repeated nationally on Channel 4. An evening session, for example, is being staged on April 27 by the Tower Hamlets Centre for Small Business, one of the longest established enterprise agencies. More details from 99 Leman Street, London E1 8EY. Tel: 01-481 0512.

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A NEW Register of Small Business Education and Research Activities has just been compiled by Peter Wilson of the London Business School. Consisting mainly of details of those who have attended the 1977-82 National Small Business Management Teachers Programmes, it lists 103 individual teachers from 76 educational institutions (polytechnics and colleges of further and higher education comprise the majority). For the first time the register includes coverage of current and proposed research in small business. Availablo from London Business School, Institute of Small Business Management, Sussex Place, Regent's Park, London NW1 4SA.

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A MAJOR proportion of properties being let by English Industrial Estates in County Durham have been taken up by small businesses, according to the latest figures issued by EIE. Compared with 1981-82 the rate of occupation of factories and workshops more than doubled from 898 sq metres a month to 1,824 sq metres.

Geoffrey Robinson, EIE's chairman, says: "Of the 72 units let in the last 12 months, 65 per cent have been of 2,500 sq ft or less." The EIE plans to invest a further £5m in County Durham over the next 12 months.

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THE 1983 Industrial Achievement Award was launched last week with a top prize of £15,000 for the winner and £1,000 available for each of the 10 finalists.

The Award, sponsored by Lloyds Bowmaker Finance Group, in co-operation with the magazine Accountancy Age, seeks to acknowledge and reward the achievements of small businesses in terms of new ideas, products or markets.

Apart from encouraging more entrepreneurs to come forward, last year's winner—a major supplier of specialised VDU colour displays in the UK—reckons the recognition which goes with the Award "has made a valuable contribution to the company's continuing success and growth."

Any UK-owned business with an annual turnover of between £50,000 and £10m, and any business person, is eligible. Write to Gordon Walter, Lloyds Bowmaker Finance Group, Christchurch Road, Bournemouth BH1 3LG. (Tel 0202-22077) before Juno 30.

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WITH 100 enterprise agencies now officially opened—and a further 50 in the pipeline—a warning has been delivered by Dr Allan Gibb of Durham University Business School (DUBS) that they "may add little to the existing support system." They may represent he adds, "merely another element of duplication."

The problem, he believes, lies "largely in the speed with which they are being set up." Because of this and because of the untapped local potential and the uneven development of local assistance to date Gibb is urgently calling for wider discussion of tho issues involved.

His recent paper—"Enterprise Agencies—Exploring their Future Potential"—is drawn from involvement with 30 Enterprise Agency Directors who have attended courses at Durham and from the DUBS Small Business Centre's experience over the years with Enterprise North, a volunteer counselling and promotion service.

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WITH all employers now obliged to implement the new rules on Statutory Sick Pay (SSP), which came into effect on April 6, early indications suggest that many companies are still confused. An articla on this page on March 29 provided a guide to the requirements and mentioned a list of booklets designed to help. A more comprehensive—and more expensivo — study has been written by Greville Janner, QC, MP, which brings together all the details about sickness at work, new and old. "Janner's Guide to the Law on Sick Pay and Absenteeism" costs £20 or £21.45p (inc p and p). Availabla direct from Business Books, Hutchinson House, 17-21 Conway Street, London W1P 6JD.

Tim Dickson

FINANCIAL TIMES SURVEY

Tuesday April 26, 1983

Plant and Machinery

Business failures and rationalisation programmes have wrecked home markets and undermined exports. Price competition is savage and order books weak. The prospects for recovery are uncertain

Recession biting deep

BY IAN RODGER

PLANT AND MACHINERY businesses have been among the worst hit in the current long and devastating recession. Manufacturers of equipment have seen their home markets dry up and their export margins destroyed by the strength of sterling.

Dealers in new and used equipment have been ravaged by vicious price competition and soft markets.

But this very broad sector also contains a few of the recession's big winners, including the auctioneers, hauliers and brokers of plant and machinery. The trick, it seems, has been to avoid being involved in equipment as a principal.

The auctioneers, hauliers and brokers thrive on the failures of other business, whether it is a bankruptcy or just a rationalisation within an industry or company. And they have certainly had plenty to chew on in the past three years.

Business failures have been reaching new records in Britain throughout tha recession. The latest figures, for the first quarter of 1983, show a 28 per cent increase on the same period of 1982. Failures were running at 88 per week, compared to 70 in 1982 and only 25 in 1979.

The engineering and metal industries, where much plant and machinery is located, suffered a 67 per cent increase in failures in the first quarter, to 251.

The main supply of machinery, however, has come from continuing businesses that have had to rationalise. The dramatic contraction of the leading motor, textile and engineering companies in the past three years has flooded the market.

Henry Butcher and Co, the leading machinery auctioneers, claim that they have raised £40m in auctions in the past two years compared with £28m in the previous two years and only £5m in 1978-79.

Buyers

The problem with this rush of used goods is that the possibility of finding buyers for it tends to decline. Receivers and liquidators are said to be deciding more often these days to smash equipment rather than risk putting it up for option.

"It's pretty sad when tha business is only one way," Mr H. D. F. Creighton, chief executive of Farmer Stedall, a newly-established machine tool dealer, says. "But it's becoming two-way again. At nearly all auctions you are seeing some of the redundant staff starting up in a small way."

Opinions vary on whether the desperate rate of contraction in British industry will remain high, but tha odds are that it will level off now that a recovery seems to be getting under way.

Pickfords the removals group, say they have noticed a significant decline in their plant and moving business in the past few months, indicating that the rationalisation process, both within industries and companies, is slowing down. Another factor is that overseas markets for UK plant and machinery have softened as recession has spread throughout the world.

Another removal specialist anticipated that business would pick up in the summer when companies shut their factories for holidays.

There is still little sign of tha end of the recession in new equipment markets. Makers of machine tools, most construction equipment and industrial machinery are still reporting weak order books, although the weakening of sterling in recent months is taking some of the extreme pressure off prices.

One key to recovery for the manufacturers of many of these products will be the renewal of plant hire fleets. The plant hire industry has been very depressed in the past few years, and operators have been struggling to reduce their fleets in line with lower demand.

Rates are still uneconomic, however, and the feeling in the sector is that there is still substantial over-capacity. Although there has been a slight improvement in trading conditions in the past year, few if any of the operators have the means or the will to start renewing their fleets.

The markets for used machinery vary considerably. Markets for very large plant, such as steelworks, are very weak. For example, when Duport closed its three-year-old Llanelli electric steelmaking shop in 1981, it tried for a year to find a buyer, but ultimately turned it over to the British Steel Corporation's overseas sales division.

Volatile

BSC had enough trouble trying to sell its own idle plant, which now includes all the equipment at Round Oak Steel, closed last year, and the Ravenscraig slab rolling mill, which is being closed this month.

Markets for used machine tools have been extremely volatila in the past few years. Normally, dealers in standard machines thrive on sales to the U.S., especially of U.S. made or designed machines, but that market has fallen off considerably in the past year. South Africa has been another important market, but it too has weakened.

One dealer reported that his turnover in the past three years was 30 per cent lower than it was in the three previous years. Prices on standard machines have collapsed to about one quarter of the levels prevailing three years ago, and with the rate of engineering bankruptcies remaining high, the prospects for recovery are not good.

The market for specialised machine tools remains active, although the risks for dealers can be much larger because of the higher costs involved.

One prominent area is that of large presses. Because of the contraction in the motor industry, a lot of presses have come on tha market in the past few years, notably from Talbot's Linwood plant and BL's Pressed Steel Fisher factory at Speke.

Prices for used presses are only about a quarter of new ones, but dealers say the home market has been strengthening recently, notably from engineering companies making parts for radiators and home appliances.

One problem with old used presses is that many do not meet current Government health and safety regulations and so the dealer has to modify them before selling them.

Government regulations have also had a significant impact on the market for used agricultural tractors. Since 1976, all tractors sold in the UK must have integral cabs. Normally, about one third of used tractors have been sold abroad, but tha proportion has been declining since 1976 because overseas customers, mainly in developing countries, are not interested in integral cabs and are unwilling to pay the higher shipping charges that result from the much larger volume of the new models.

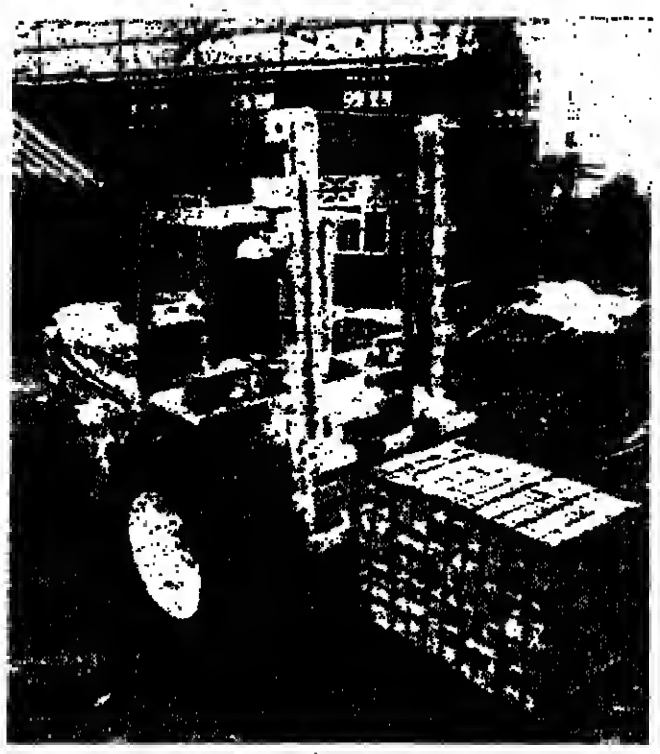
Trade in

The result is that prices on post-1976 used models are no better than on pre-1976 models, and dealers are suffering. A further problem is that there is no growth in the home market, except in the size of tractor being used. Often these days, a farmer trades in two small tractors for one large new one.

Markets for used construction equipment are recovering strongly, especially for excavators and bulldozers, reflecting the upturn in housebuilding and small construction projects. Demand for dump trucks and other large equipment remains weak.

Suppliers of used fork lift trucks report that demand has been recovering in the past month or so, partly because tha decline in the value of sterling has made exporting profitable again and partly because many UK users are looking at secondhand machines as an economy measure. One supplier said this was especially true of users that only need trucks for a few hours' work per week.

However, the recent improvement in market conditions should be seen against the background of extremely depressed conditions in tha past three years. New truck prices are down about 15 per cent in real terms, and the secondhand market has suffered accordingly.



MACHINE TOOL OUTPUT & EMPLOYMENT

Year	Quarter	Index of production 1975=100	Index of employment 1975=100	Employment '000s
1977	1	82.0	94.9	
	2	78.8	94.9	
	3	78.9	96.8	
	4	80.3	97.7	52.1
1978	1	80.6	97.6	
	2	79.7	97.6	
	3	81.4	97.9	
	4	82.8	97.0	51.7
1979	1	82.2	96.5	
	2	84.8	95.3	
	3	76.3	94.9	
	4	83.6	95.3	50.8
1980	1	84	93.5	
	2	73	91.9	
	3	72	88.6	
	4	61	84.7	45.1
1981	1	54	82.0	
	2	49	78.1	
	3	50	75.8	
	4	50	72.7	38.7

*Sources: Production—Department of Industry
Employment—Department of Employment*

Left: markets for used construction equipment are recovering strongly, reflecting the upturn in housebuilding and small construction projects

CONTENTS

Turnover has fallen drastically, in large part due to the decline of the engineering sector

Tough outlook for machine tools

THE RECESSIONARY knives which have lifted the scalps of many leading British machine tool companies show no sign of being blunted.

Alfred Herbert, which symbolised the UK sector for many overseas clients, has just gone into receivership a year after the core lathe-making operation was acquired from the liquidators of the original group.

Kearns-Richards, one of the the few surviving indigenous heavy boring and milling machine tool manufacturers was put on to an assembly-only basis by its parent, Staveley Industries, last October.

Turnover in the British machine tool industry last year was less than half its 1975 levels and the workforce has had to follow. This savage downturn has many causes but one or two factors stand out.

The decline of the industry's principal customer, the mechanical engineering sector, has clearly played a leading role and an assessment of the outlook for machine tool manufacturers must start with the prospects for the leading metal forming companies. It may be true, as the pundits hope, that domestic industry is starting to revive but manufacturing industry was looking fer an upturn which never came early last summer and in the summer before that.

Plant managers will wait to be certain that economic recovery is properly under way before committing themselves to substantial shop-floor investment.

The machine tool sector's problems have been aggravated, as in so much of the rest of British industry, by ruthlessly efficient import competition, a sponge-like exchange rate capable of absorbing almost any level of overseas competition, and an historically high unit production cost relative not only to the leading U.S. and European manufacturers but, more significantly, by the emerging industrialised countries.

It is useless now for British manufacturers to complain that imports have been subsidised, that machinery arriving through the ports can only have been sold below production cost, the bleak fact is that the native industry has almost entirely surrendered to the conventional machine tool market.

Added value

Over the last few years, manufacturers have been forced to adopt the higher technology markets for numerically controlled (NC) or computer numerically controlled (CNC) machines in the belief that the element of added value would be beyond the low-cost producers of southern Europe.

The irony was that the competition from North America, West Germany and, not least, from Japan was very technically advanced.

Not only advanced but firmly established on British shop floors and established on price.

The hardest nut that UK manufacturers face is the effort to build big order books, long production runs and the volume economies which characterise many of Japan's leading machine tool companies. By the turn of 1982, for example, Alfred Herbert was estimated to be making some 230 lathes each year; the competition in many cases was producing well over ten times that number.

One of the first markets tapped in the attempt to build volume was the U.S. and particularly its energy exploration sector. That effort seemed to be progressing very well indeed until cross-currency rates intervened dramatically and, towards the end of 1981, the American energy industry suddenly switched off.

Few companies operating in that area escaped the crippling effects of a sudden dearth of drilling rigs in the U.S., either at the front end or further back down the production chain to the machine tool makers.

The hope now must be that the British industry can cope more effectively with sterling parities which, if still highly volatile, do offer a substantially better chance of quoting profitably and effectively in overseas markets. Domestic manufacturers claim that their products now compete properly on range and technology but, both abroad and home, the battle to sell on price is still being bitterly waged.

Nothing in the recent history of trade international haggling suggests that the importers will gracefully surrender their shares of the UK market over the negotiating table.

Ray Maughan

Precision honing to reclaim a worn steel casting from a grinding machine

MACHINE TOOL SALES BY UK MANUFACTURERS

Year	Total Sales £m	Numerically controlled £m	Numerically controlled % of total	Non-numerically controlled Cutting £m	Non-numerically controlled Cutting % of total	Non-numerically controlled Forming £m	Non-numerically controlled Forming % of total
1972	188	11	6.0	127	68	50	27
1973	218	13	6.1	146	67	59	27
1974	255	16	6.3	169	66	71	28
1975	330	24	7.2	220	67	86	26
1976	357	27	7.5	243	68	87	24
1977	408	33	8.2	285	70	90	22
1978	513	53	10.4	348	68	113	22
1979	568	66	11.5	385	68	118	21
1980	589	86	14.5	390	66	114	19
1981	437	78	17.8	285	65	74	17

Source: Department of Industry

MACHINE TOOL TRADING (£'000)

Year		Exports	Imports
1970	...	87,749	56,724
1971	...	97,257	48,926
1972	...	83,543	50,818
1973	...	83,975	65,528
1974	...	106,841	99,124
1975	...	164,016	114,663
1976	...	176,723	142,436
1977	...	184,942	144,297
1976	...	221,191	207,732
1979	...	222,837	284,886
1980	...	289,815	267,481
1981	...	250,000*	210,000*

* Due to industrial action, data for 1981 are estimates based on partial data only.

Source: Overseas Trade Statistics

Construction gear in disarray

THE WORLD'S construction equipment market is in disarray. Two of the biggest equipment manufacturers are deep in loss and every company in the business is suffering from steep price competition caused by an international cutback in demand.

One of the principal ingredients of this decline is the fall in oil revenues hitherto enjoyed by Opec members, which have been among the biggest customers for building and civil engineering contracts.

The fall is best illustrated by Caterpillar, one of the giants of the industry. After over 50 years of continuous profitability, the group recorded a loss of $180m in 1982 and has started the current year with a deficit of $172m after tax in the first quarter.

Sharply-increased debt servicing costs take a large proportion of the blame as does the seven-month strike in its U.S. plants but Caterpillar essentially is blaming the worldwide economic depression and the effect on margins outside the U.S. of severe overseas competition.

The main beneficiary of currency swings over the past few years has been Japanese industry so it comes as something of a surprise that Komatsu has suffered a recent slip in earnings.

Komatsu's turnover in 1982 rose 15 per cent to $3.38bn—against Caterpillar's very depressed sales of $960m—but net income dropped fractionally to $136m. It is worth noting that

The cutback in demand for construction equipment is forcing very tough competition on prices

Komatsu's own sales in Japan dropped 5 per cent as a result of government spending cuts and a decline in house building but, with the exception of the American continent, the company claimed to be making progress in every other international area of operations.

On a smaller scale, the British-based Acrow has been forced to reschedule its bank borowings following substantial redundancies and plant closures. Known best, perhaps, for its Coles Cranes and Priestmans Mustang range of hydraulic excavators, Acrow has run into a series of deepening losses.

Outwardly, IBH Holding of West Germany, the world's third largest construction equipment manufacturer, is more sanguine about current year prospects. After an estimated DM 50m deficit for 1982, the group expects to break even this time or perhaps do better.

IBH has cited the upturn in building and civil engineering in West Germany as the grounds for its confidence and estimates that the rate of redundancy, which cut a fifth off the payroll last year to 10,000, will be lower with about 600 lay-offs in 1983.

The creation of IBH is due in a real sense to the recognition by many of the leading world manufacturers over the last eight years or so that the industry could never be properly profitable unless it tightened up on a major scale. Many large equipment groups have been sold to IBH by their parent companies on the assumption that a cohesive West German management would bring the benefits of a widespread sales network and integrated product development hitherto denied to individual subsidiaries.

The current year should see the benefits of much recent reorganisation inside IBH's expanded empire and, indeed, within the entire industry. Yet, like so many other sectors, construction equipment is now anxiously awaiting an upturn in activity.

It is unlikely to come from West Africa or the Gulf, two formerly buoyant markets. And the outlook in the industrialised West is patchy, to say the least. In the UK, a pattern of some repair and maintenance, sporadic bursts of public authority spending and a more encouraging private housebuilding sector seems to have been set. But the prospect of a sustained rise in total new work output still seems hazy. The industry may be forced to tread water, if it can, for a good while yet.

Ray Maughan

The tax attractions of this form of finance have produced rapid growth

Leasing market widened by Budget

LAST MONTH'S Budget marked an important turning point for the fast expanding leasing industry. For the first time for several years it did not contain provisions designed to curb the industry's activities.

In particular, the threatened reappraisal of banking tax — which would inevitably have affected leasing — came to nothing. In fact the one change to capital allowances, involving industrial buildings, will widen the potential market. After a series of finance bills many of whose pages have been devoted to designing a legislative framework for the industry, the lack of measures in 1983 suggests that the authorities now accept the role of the industry in providing finance for capital expenditure.

Phenomenon

In the UK, leasing is essentially a tax-based phenomenon, and the attractions of this form of finance have been reflected in rapid growth. Since 1972 tax legislation has allowed buyers of assets to claim 100 per cent relief in the year of purchase. Businesses which would not normally buy anything like enough assets for their own use to match their taxable profits, in particular banks, aoon began to buy the assets and pass them over for the use of manufacturers through a leasing agreement.

In practice this meant that the investment incentive was shared, through the leasing rates, between the lessor who was deferring his tax liability until he bad to pay tax on his rental income, and the lessee for whom the rental would be very much lower than the interest rate burden of buying outright if be did not have taxable capacity of his own.

The low level of UK companies' profitability bas therefore been an important factor in the growth of the leasing market, with the introduction in 1975 of stock relief giving an additional stimulus to leasing by reducing industrial and commercial companies' taxable profits still further.

The number of companies to wbom leasing must appeal was spelled out by the Inland Revenue in its Green Paper on Corporation Tax last year. It found that only one-third of companies were regularly liable to corporation tax — and could therefore use their own capital allowances. One third of companies were found never to pay tax, and therefore could effectively obtain additional allowances by turning to leasing. The last third fluctuated between the other two categories.

The current recession has had the effect of creating an even wider number of tax-exhausted companies. So, with capital expenditure holding up surprisingly well, leasing bas continued to expand over the last couple of years, although there was an anxious hiccup in 1981.

Jump

The volume of leasing is indicated by the figures of the Equipment Leasing Association, whose membership is dominated by the big banks and which claims to account for et least 90 per cent of the market. In 1971 annual leasing undertaken by members was £159m, by 1976 the figure has risen to £421m. From 1978 there was a jump from £1.2bn to £1.8bn in 1979.

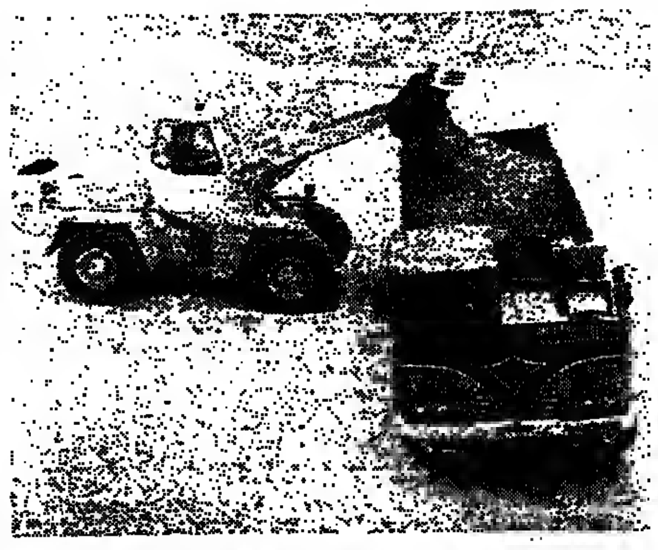
Subsequently the rate of expansion bas slowed, with a 31 per cent gain in 1980 and a 13½ per cent increase in 1981 obtained only through a sharp expansion in leasing abroad, without which there would have been a small decline.

However, it seems that this decline was somewhat artificial, being caused by some large deals being completed late in the first quarter of 1982. So the ELA figures for 1982 show thet domestic leasing bounded ahead again by 30 per cent—producing a more realistic figure of 11 per cent compound annual growth over the past two years. This figure suggests that leasing may represent something near 15 per cent of total capital expenditure in the UK.

The ELA breaks down new leasing business into different classes of assets, one of which is plant and machinery. And its figures suggest that it is in this area in particular that leasiog is bolding up strongly. Between 1980 and 1982 domestic leasing of plant and machinery bas risen at a compound rate of 16 per cent a year, to £957m. This is by far the largest category, and the volume gains have been exceeded only by the cetegory containing ships, aircraft and oil exploratoin equipment.

The reoewed empbasis on the mainstream leasing market, after periods in which cars or international leasing bave led the field, may be one explanation for the authorities' more relaxed ettitude to the industry.

Mr Tony Michener, chairman of the ELA, said in February on introducing the 1982 figures that: "There has been an increasing trend towards larger and longer transactions (in 1982 50 per cent by valoe of all leases were for terms exceeding five years). Many groups, inclnding some of the largest blue chip companies who had previously used leasing mainly for relatively smaller items of plant and equipment, turned in 1982 to leasing as a source of finance for much larger facilities.. Had leasing facilities not been available, it is unlikely that this new investment by industry during the recession would have taken place on such a scale."



Both the length of term and value of new leases on plant are rising significaotly

In its September Quarterly Bulletin, the Bank of England also emphasised the extension in the range of facilities offered by lessors. It found an increase in the size and number of large transactions — dubbed "big ticket" deals. "The number of lessors prepared to negotiate deals of £3m or more appears to have grown to about 50, partly because of inflation, partly because rental income has added to their capacity and partly because they are more experienced in risk assessment. About three or four years ago a large big ticket by a single lessor might have been about £20m. But some subsidiaries of the clearers have now leased assets of np to £50m at a time, while a few have done business up to £90m on oil or chemical plant."

At the same time the average term of leases has lengthened considerably. The Bank found that leases of 10 years and more now account for one-third of all new leases. Moreover it is quite common for leases of up to 10 years to be at fixed rates—which is not the case with clearing bank term lending. Larger lessees can normally negotiate rentals to match the income flow from the equipment being leased, and can secure variable rates of interest.

Stable

Leasing rates reflect the state of the market. In 1981, when the banks wanted to do more leasing than there seemed to be demand for, rates were extremely tight—falling to half the level of interest rates. Since then inter-bank rate has been falling, but leasing rental rates seem to have been stable. Part of the reason may be that the pressure of competition has eased somewhet as more potential lessees have come forward. Another reason—pinpointed by the Bank—may be that as the average maturity of leases has increased, rental rates have tended to follow longer-term expectations rather than movements in short-term interest rates.

David Freud

Turnround for plant hire

LAST YEAR saw the beginning of recovery in the plant hire business, but from an extremely depressed base.

The main problem has been the recession's effect on the construction industry, and the fall in demand which has resulted from the depressed level of activity. This was made worse in 1981/82 by the severe winter.

Most companies have managed to keep their heads above water by retrenching. Plant hire is a capital intensive industry and companies have been able to survive by simply not renewing their equipment inventories.

This has had two significant benefits.

First, the average age of fleets has risen, and with depreciation lower on old plant than on new, depreciation charges have fallen. Reduced level of capital spending has also meant lower borrowing; together with lower interest rates this means plant hirers' interest charges are on the way down too.

Secondly, fleet sizes are being redoced because companies are not replacing old equipment, and are cannibalising and mothballing. Reduction of capacity is something the Construction Plant Hire Association sees as the key to a return to stable profits in this sector.

Mr Alan Smith of the CPA believes there has been considerable rationalisation of this kind, with companies scaling down operations in areas of low demand rather than completely pulling out, leaving them well placed to take advantage of an upturn.

This is particularly true in the crane field where one of the leading operators, Richards and Wallington, went out of business in 1981. "Cranes beve seen e greater degree of rationalisation than otber sectors" Mr Smith says "but lt has generally been a case of a reduction of machine stocks rather than depot closure: plant hire is a capital intensive business and many companies have been able to live off their fat."

Drastic

The need bag been felt elsewhere, too, for more drastic surgery. Sparrow bas closed two depots and Rocbe, whicb specialises in lift truck hire, has closed lts Newcastle business. Henry Sykes closed down a major distribution warehouse in Slough in mid-1981 with about 40 job losses. Vibroplant has made 200 people redundant during the recession, although it is now starting to take people on again. Hewden Stuart has cut its workforce by a quarter in the past two years.

Despite these and other cuts, the CPA found in recent reviews of three sections of the industry—cranes, earth moving equipment and small non-operator plant—that operating conditions are still uneconomic.

In its latest review the association says the common practice of quoting "inclusive" hire rates, which include the machine, the driver, and often fuel and other consumables, bas seriously undermined the viability of earth-moving plant hire.

The association points out that the purchase of new machines has already been curtailed, and recommends further thinning-out of plant holdiogs by mothballing plant, breaking for spares, and where possible, selling second-hand plant abroad.

A reduction in the number of available machines would increase activity levels and raise the revenue of each machine in use; this would be likely to lead to increased hire rates and revenue improvements for plant fleets.

In the short-term, the most promising strategy may be to become more specialised.

It can pay for a company to become associated with a certain type of plant — such as Sparrow with cranes, Vibroplant with non-operator plant, Sykes in pumps, and Agent on tower cranes and access platforms.

Overseas

G. W. Sparrow has accepted that the state of the UK hire market is likely to remain poor and is seeking business overseas. It has done this in New Zealand, Mexico, the Middle East and South America.

There are some growth areas. In recent years there has been a big increase in demand for "small plant" for hiring to DIY enthusiasts as well as to builders, stockbrokers Green and Co, point out.

Sparrow is finding that its move to very large cranes has paid off and Hewden Stuart is following its lead.

Another major operator, the plant hire division within the Lovell Construction Group, has taken steps to strengthen its position as a supplier to other builders. The group, which offers a range of equipment from tower cranes to hand tools and from huts to lifts and hoists, with compressors, mixers and rollers at the core of the business, has trimmed its operations like other hirers.

However, in a bid to increase its market share, a survey was commissioned to see if use of the Lovell name might be a barrier to other building groups who would not want to see a rival'e presence advertised on their sites. Based on the findings, a decision was taken to change the division's name to LPH Equipment, and to change the livery.

Significantly, the research also revealed that the prime concern for 97 per cent of customers was reliability, safety and service. Price was put as first consideration by e smaller proportion of customers—80 per cent.

But in the longer-term the recovery of the whole industry depends on the general economic recovery and construction in particular.

There is already a significant upturn in housebuilding, although this is not expected to have much effect in the short term on plant hire orders. The latest figures by the Department of the Environment show that construction ontput in Britsin rose last year for the first time since 1978, and the improvement is expected to continue this year.

During 1982 all construction ootput, inclnding repair and maintenance work, increased by nearly 1.5 per cent, and there was a sharp jump in activity in the fourth quarter, when output increased by 6.4 per cent compared with the final quarter of 1981.

This may augur well for the future, when a leaner and more efficient industry shoold be well placed to take advantage of the upturn and accompanying rise in demand.

Katrina Lowe

Transport and installation companies chasing a stream of contracts

More plant moved

COMPANIES involved in the removal, transport and installation of industrial machinery, particularly in the secondhand equipment sector, have seen recession cause considerable *fluctuations in the pattern* of their business over the last few years.

While the volume of movements covering the transport and installation of new plant and equipment not surprisingly has remained subdued in the face of widespread cutbacks in manufacturing industry, the level of activity involving used or secondhand machinery has varied considerably.

When recession first began to bite about four years ago, the secondhand plant and machinery market experienced something of a boom. Many UK manufacturing companies either went to the wall or were forced to sell off much of their equipment, a lot of it to buyers from overseas countries who ssw the chance to develop their own industries using bargain-price plant.

Survived

"A few years ago we found there was a steady stream of used industrial machinery going overseas to Third World and developing countries which took advantage *of the situation,*" says John Robinson, marketing manager for Pickfords, one of the specialists in industrial removals.

"Over the last couple of years though, it is fsir to say that this boom has passed. The UK companies which survived the impact of recession have now generally rationalised their production activities and are not having to sell off so much equipment while the potential buyers from overseas have themselves been bit by recession and cannot afford to buy so much."

A second effect of recession as far as transport and removals companies were concerned was an increase in the volume of used machinery being moved between various UK manufacturing plants of the same company or group.

In the early 1970s, a number of manufacturing companies established new production centres in areas such as South Wales and Scotland to take advantage of the financial incentives offered to them. As recession hit harder, so some of these companies closed satellite production centres and concentrated their operations on fewer locations.

Such developments often involved moving the best plant and machinery from *factories* which were being closed down to be relocated at a centre where production was being continued.

In some instances, relocation work involved the movement not just of plant and machinery but also of office equipment, records and even personnel.

Mr Robinson says: "This sort of relocation work has increased over the past few years. With these projects an awful lot of planning is needed—probably more than 50 per cent of our work in such moves is in the planning stage."

An example of the scale of some such projects is provided by Roygrove Nottingham, a company which offers a mechanical and electrical plant erection and installation service throughout the UK.

Last year, Roygrove was involved in a six-month operation to move a rubber moulding plant from just outside London to the East Midlands area, a contract worth nearly £300,000.

Roygrove says: "The move involved the transport of a large number of moulding presses, calendering machines, roll mills, test presses, and so on. The largest single machines weighed about 85 tonnes."

Such an operation, which involved the dismantling, removal and re-installation of the plant, was larger than most of the field although Roygrove has done similar jobs on a smaller scale.

Competition for the work of removing and transporting industrial machinery and plant comes from a variety of different sources. Leading specialists in the industrial plant removals fields, apart from Pickfords and Roygrove, include Vanguard and Beck & Pollitzer. In addition, leading freight forwarders such as the Lep Group are also involved, as are some of the heavy haulage companies like Sunters.

In some cases, the contract for removing and transporting machinery is directly between the manufacturing company and the remover; in others, particularly where an international move is being made, freight forwarders become involved.

Removers and installation specialists tend to claim they have the expertise in *actually* handling the equipment, whereas the forwarders emphasise their skill in dealing with all aspects of transport. Sometimes, for instance, forwarders are approached even before a purchase is made as prospective buyers seek to establish the total cost of securing equipment and getting it into operation on site.

"For example, a buyer interested in acquiring some secondhand equipment, say at an auction, might ask us for a quote to cover the transport of that equipment or items to his premises elsewhere in the UK or overseas," according to the Lep Group in Scotland where the movement of industrial plant and equipment, particularly in the secondhand sector, has been a *substantial* activity in recent years.

"If the prospective buyer gets a quote for transport of, say £5,000, and be has set himself a limit of £10,000 for the acquisition and installation of the machinery then he knows *he can afford to bid up to* £5,000 at the auction or sale."

An interesting but rather sad reflection of the way Scottish industry has been hit by recession is the fact that over the first quarter of this year the Lep operation, based at East *Kilbride, Glasgow,* handled about 30 jobs involving the movement of secondhand equipment and just six involving new installations.

General observation among those involved in the transport of new plant is that the market as s whole is *still* depressed. As far as the movement of secondhand machinery is concerned, most removers and transport companies agree that while the nature of the market has changed over the last few years as recession had various effects, the actual volume *of* traffic moving probably has remained about the sama.

In a lot of cases, where factories were forced to close by recession, their equipment was old end obsolete. Since it was of little or no interest to prospective buyers, such plant was often broken up on site and taken away as scrap rather than transported to a new location by a specialist company.

"I think there will be a certain amount of the more modern and specialised secondhand equipment which will continue to arouse interest from prospective purchasers but a lot of the general plant will probably end up as scrap," said Mr Robinson of Pickfords.

In the secondhand market, he added, removers or transport companies tended to work for the purchasers of machinery, whereas in the new equipment sector they could work either for the purchaser or the supplier.

Phillip Hastings

The ill-fated De Lorean plant at Dunmurry when production was at its height. Now equipment used to *build the gull-wing sports cars is to come under the* auctioneer's hammer for the second time

Auctioneers follow the receivers

WHEN THE Receivers went into De Lorean's car assembly plant in Belfast they found equipment which still carried an auctioneer's label from a closing down sale which had been held only three months previously at the Talbot car plant in Linwood, Scotland.

Next month the same machinery will come under the auctioneer's hammer for a second time when plant and equipment at De Lorean's Dunmurry factory in Belfast is put on sale.

Henry Butcher, which will handle next month's sale, also organised the Talbot auction. The firm says: "We were amazed to find our labels on machinery at Dunmurry. There was hardly time for the company to install the equipment before it was in the hands of the Receiver."

Butcher, chartered surveyors, estate agents, valuers and one of the largest UK auctioneers of second hand plant and machinery, estimates that during the past two years it has averaged about two auctions a week raising in the process approaching £40m from used equipment sales.

The wave of company failures and factory closures which has swept over British industry during the past few years has flooded the market with secondhand equipment as industrial investment has slumped and buyers have become more selective about what they buy and at what price.

"The overall result is that, in many areas of manufacturing industry, there is now a significant over-supply of used plant chasing a contracting number of buyers," says Christopher Derry, partner at *Henry Butcher.* Prices have slumped, he says, and some machine tool dealers have been badly squeezed as a result.

"Nowhere is this more clearly illustrated than in the engineering sector. The sheer volume of used machinery advertised in trade journals is quite staggering when compared with the situation only a few years ago. To underline the point, the names of several machine dealers now bear the suffix 'In Receivership,'" says Mr Derry.

The market has been undermined further by a reduction in international demand. In the early months of the recession sales of machine tools and equipment, no longer required by contracting British industries, had been boosted by overseas buyers seeking to expand their companies on the back of cut price bargains from the UK.

"It was not always clear exactly where the final destination of this equipment was to be, since the actual bidding was often undertaken by an agent," Mr Derry says.

"However, machinery certainly found its way into countries as diverse as Mexico, Indonesia, India, Israel, Nigeria and South Africa. Other countries included Sweden, the United States and Japan."

Big buyer

For example, Saab Scania was one of the big buyers 18 months ago at the Talbot, Linwood sale —the largest auction of used industrial plant and machinery ever held in the UK. Saab paid £150,000 for a single-action 1,000 tonne press which the Swedish company said would have cost between £350,000 and £400,000 to buy new.

"Over the last year or so, demand from overseas purchasers has noticeably slackened as world recession has hitten deeper, although there is still a fairly constant demand from the U.S. for used American-built machine tools," Mr Derry says.

Graham Knowles, joint managing director of Hulbert Group, machine tool dealers and traders, says that prices of some used machines are about a quarter of what they were four years ago.

"Purchasers are using their strong bargaining position to demand extended credit terms, guarantees and re-engineering of some equipment to meet new safety requirements," says Mr Knowles.

Hulbert says that in one instance it has been holding stock, originally destined for the U.S. market, for about three years.

Edward Rushton Son and Kenyon estimates its used equipment auctioneers business had a 44 per cent increase in instructions during 1982. "It is without doubt one of the best times in recent history to purchase secondhand plant and machinery," says the firm, which believes there will be a continuing stream of company failures in 1983.

"There are a number of companies still poised on a knife's edge," says Edward Rushton. "Companies which have run down stocks or are under-capitalised might find it very difficult to respond to increased demands as the recession ends. A number of companies are still being kept afloat, largely through the goodwill of their bankers."

Rushton, however, says that reasonable prices can still be achieved for top quality equipment where there is strong demand from new companies just starting or from existing businesses seeking to expand or become more efficient. "Quality tends to maintain its value even in a depressed market," says the company.

Obsolete

Christopher Derry of Henry Butcher says: "Much of the early numerically controlled automatic plant introduced in the mid-1970s was rapidly superseded by computer-controlled equipment and became technically and economically obsolete when only three or four years old. Since there are few viable alternative uses for such equipment it is worth very little on the second hand market.

"By way of comparison a standard general purpose machine tool will often have a significant resale value when it is well into its second decade of operation."

Butcher says prices will vary according to whether a piece of machinery can be adapted for use in certain sectors. For example, general sub-contract engineering and iron foundry work had remained in the doldrums and there was a considerable amount of equipment on the market following closures and company rationalisations. Demand for sheet metal working plant and woodworking machinery had held up better.

Stocks

"The unavoidable effect of the considerable quantity of second-hand plant that has become available for sale and the contraction in demand from industry, is that stocks held by machinery merchants have been running at very high levels," says Christopher Derry.

"With overflowing warehouses and a difficult market for their offerings, dealers have understandably become more selective about equipment which they purchase at auction sales.

"The buying pattern has certainly changed to the extent that the dealer will no longer bid for many types of machinery on a purely speculative basis, however cheaply it may be offered. Therefore at the lower end of the value scale, equipment is now much more readily scrapped."

Andrew Taylor

THE ARTS

Anthony d'Offay/Roy Strong

The abstract revelations of Wyndham Lewis

I can remember that when the National Portrait Gallery purchased two drawings of Edith Sitwell by Wyndham Lewis it was remarked that it would have made an earlier director, Sir Lionel Cust, turn in his grave. Cust, a mediocre scholar and a great social snob (his most cherished work was his memoirs *of the court of Edward VII*), was among those listed as worthy of expungement from *the face of the Earth* in the first issue of the Vorticist magazine, Blast, in 1914.

Lewis's steely style of semi-abstraction was, however, ideally suited to interpreting the poetess's gothic angularity. Fifty years later, no doubt, Lewis would be an artist in residence under the aegis of the Arts Council who would also very likely be subsidising his magazine whose denouncement of the establishment would be thus neutralised.

But Lewis lived in a sparse age and the taut exhibition staged by Anthony d'Offay (at his gallery, 9 Dering Street, New Bond Street, till May 14) with fiery advocacy for his hero gives one food for thought on the reception of modern art movements in this country. The period covered is that of the Vorticist phase, the decade from 1910-20, in terms of 42 drawings and watercolours. Next year we are promised a sequel on the subsequent 30 years "which have not been so fully assimilated into the vocabulary of art *history*."

Lewis is not an easy artist to live with. Like most exponents of modern art in this country one is constantly aware of how foreign his style seems. The earlier work, however technically uneven, is by far the most exciting and *uncompromising*. In terms of its period, those three or four years before the disruption of war in 1914, it is startling.

Let me take as a point of departure an unfamiliar area. The design for the drop-curtain of the Cabaret Theatre Club captures four nudes on the promontory, one in the act of undressing. Three horses, two seen only in part, intermingle with them. It is conceived entirely in terms of outline and blocks of colour, smudgy brown, *ochre, flesh colour and off-white*. Its roots across to all that was happening on the other side of the Channel are obvious but perhaps in its unusual viewpoint and linear approach it reaches back also via Beardsley to Flaxman.

As theatre design it is of a type which we associate with some of the most innovative productions of Diaghilev. It is poles away from Edward Gordon Craig, let alone the world of the Gaiety Theatre. In it we found *ourselves in a different* milieu, daring, outrageous, strident. There is a drawing for a second cloth, equally surprising, and together they must represent crucial documents in the history of theatre design in this country.

Both of these came as a revelation to me. The works of these years are aggressive and *go off at* tangents in all directions determined at all costs to scandalise. Vorticism was a *brief, brave, fragmented* exercise on the fringes of the Cubist and Futurist revolutions but, with its own preoccupations. There was only one collective exhibition of their work in June 1915 when already the war was under way.

Lewis defined Vorticism in that as "activity" as opposed to the passivity of Picasso, "*significance*" in contrast to the "the dull and anecdotal" and "Activity" (again), such as that of the mind, and not photographic representation or the "the fuss and hysterics" of the Futurists. The result in his case is a hard style, full of sharp contrasts of colour. *Timon of Athens* demonstrates exactly what he means by the Vorticist approach to an interpretation of a state of mind, "Activity," with angular jostling shapes that seem to grate on each other.

Lewis's geometric portrait of Ezra Pound (right) and the steely abstraction of Figure Composition

The nub of the exhibition, however, lies in what happened in the war years. To my mind the three war water colours are the disappointment. Suddenly Lewis was faced with subject matter which he could have interpreted in the violent shapes *and forms of Vorticism, but he* did not. Instead, in his own words: "Experimentation is waived: I have tried to do with the pencil and brush what story-tellers like Tchekov or Stendhal did in their books."

In terms of his own art the *result is a step* back as they are basically conceived in pictorial terms with a superficial modernist overlay and the arrangement of the figures and subject matter suggests the influence of photography. It begins to be difficult to connect this Lewis with the firebrand who produced the totem-pole *Odalisque* of 1911-12 or the *Centauress No 2* of 1912 both which speak of an emancipated sexuality yet to come.

The post-war drawings from 1919 and 1920 no longer even provoke. Indeed they are heavy with a French chic. *Woman with a sash* is almost a fashion drawing for Vogue, the figure arranged on a regency chair in an elegant serpentine pose, the silhouette of her dress spelling out its high fashion. Aggression is replaced by smartness.

The portraits are glamorous and *stylised*. Ezra Pound's features are delineated with lines that recall the geometrical components of the plaster decoration of an Odeon cinema. A face-less Edward Wadsworth is a page cut from men in Vogue with his Prince of Wales *plus-twos* and check wool socks.

His own self-portrait from the same year, 1920, is in the same mood. Lewis's face is that of a snappy pekinese with the pupils of his eyes wandering off in two different directions. His hair is carefully arranged and his jacket is almost Byronic. Eight years before he had peered in a mirror and recorded that same face in terms of the straight lines and the flashing light and shade of the facets of a gem-stone. In terms of graphic accomplishment it is the later portrait that enthralls us. *In those of ideas, it* must be the earlier.

Television/Don Carlos

Andrew Clements

A spring afternoon is possibly not the ideal time to sit in front of the television for four hours of the most trenchant, and arguably the greatest, of Verdi operas. Sunday's Channel 4 broadcast of *Don Carlos* in a five act version from the Metropolitan Opera's production by John Dexter, was intermittently glorious, but the problems of opera on television remained.

Putting opera on the small screen can mean one of three things. A production can be conceived specifically in television terms and filmed in the studio; a stage version can be tailored for television and recorded without an audience; or cameras can simply go into an opera house for an ordinary performance and broadcast that, warts and all. *Don Carlos* was in the last category, a video recording of a performance conducted by James Levine, complete with applause after big arias, and given short background introductions for each act by Placido Domingo.

Last year's *Ring* on BBC2 showed what can be achieved *when a television* producer works with the stage director on the torso of an existing staging; the fine grain of the action was entirely preserved. That project also had the benefit of decent stereo sound, broadcast *simultaneously* on Radio 3. Perhaps the greatest shortcoming of this relay was the inadequacy of the sound as conveyed through a television loudspeaker. Not only was vocal characterisation reduced to the merest shadow, but crucial detail elsewhere went astray—off-stage choruses and vital instrumental obbligatos were the main casualties.

One never came to tolerate such a major deficiency. The camera angles, the insistent impression of watching the action from the back of the gods, through a high-powered telescope, became less intrusive as the afternoon wore on. Much of the impact of the stage set was necessarily diluted: the mysterious darkness of the opening *prelude* collapsed *into* meaningless shapes; the *auto-da-fé* was picked up in isolated fragments only. And actions designed to convey meaning to the back of a large house can seem grotesque when studied in close up; there is nothing so revealing as television to remind one that great singers are not necessarily great serious actors.

The strength of the show—Levine's impassioned driving of the score combined with an exquisite feeling for line, Domingo's noble, moving Carlos—survived the ordeal well. So did the Elizabeth of Mirella Freni, though she was robbed of her vocal allure by the puny sound, and sometimes shaded by the incisiveness of Grace Bumbry's Eboli. Nicolai Ghiaurov's Philip lost his vocal grandeur and much of his presence—camera close ups can place a paradoxical distance between viewer and action. The new fashion for sub-titles (the opera was sung in Italian rather than French) that summarise, rather than translate verbatim, was on the whole effective. It was no substitute for a live performance, however, or even for a session at home with a good version on record.

Domingo, Serra, Allen/Barbican Hall

Rodney Milnes

The main pleasure to be derived from the Order of St John Musical Society's centenary concert at the Barbican on Sunday was its musical substance. Here was no mere ragbag of items hastily assembled around star singers, but an agreeably planned evening of just the right digestible length—two halves of around 40 minutes each.

Much of the musical content cannot have been *over-familiar* to the English Chamber Orchestra, and their playing of the inter mezzo from *Manon Lescaut* and "Ah Mimi" from *La Bohème* was carefully and appreciatively shaped under the expert guidance of Robin Stapleton. Here was Puccini as real music, for which much thanks. Their rousing account of the *Force of Destiny* overture that launched the proceedings *was slightly compromised* by too few strings, and the only real blot on the evening was the repulsive "arrangement" of the Gipsy Song from *Carmen* for orchestra alone. That and perhaps Luciana Serra and Placido Domingo encouraging the audience to sing along with "Libiamo" from *Traviata*—which is after all a serious moment in a serious opera.

But one shouldn't get too po-faced about such celebratory occasions; otherwise it was roses all the way. Mr Domingo pinned us all to the back of our seats with "Recondita Armonia," his *most persuasive calling card*, whether on stage or in concert. He also gave a deeply felt account of "Ah Si Ben Mio" from *Trovatore* (no cabaletta, alas). Joining Miss Serra for a duet from *L'Elisir D'Amore*, he showed that *Otello* has not robbed him of the flexibility and lightness of touch needed for Donizetti.

Miss Serra, plainly enjoying herself as much as the audience, executed a nifty series of do-it-yourself soprano embellishments in "Una Voce Poco Fa," and used her huge, eloquent eyes to devastating effect when joined by Thomas Allen for "Dunque Io Son." Mr Allen, in firm voice, gave us a rather loud version of Valentine's Cavatina from *Faust*, and joined Mr Domingo for the Friendship Duet from *Don Carlos* (in Italian), an item which makes *little sense* out of context, but which was rapturously received by an audience hell bent on having a good time. It was that sort of evening—defying serious criticism even if it were called for.

Perlemuter/Elizabeth Hall

David Murray

Vlado Perlemuter will be 80 next year, but one doesn't attend his *recitals out of* respect for an historical performer—one goes for pure pleasure. His fingers are still admirable, his musicianship faultless. Might he have taken the scherzo of Chopin's B-flat minor Sonata a little faster two or three decades ago? Perhaps; but, on Sunday afternoon, the presto Finale was a marvel, uncannily *lucid* in a sustained *sotto voce*. There was controlled fire in the rest, including the Funeral March, and before the Sonata swift and subtle sketches of the posthumous *Nouvelles Etudes*.

In four pieces from Ravel's *Tombeau de Couperin* (omitting the two easiest ones) at the end, Perlemuter's sheer unobtrusive grace and the variety of touch *with which he can invest a* modest dynamic range were exemplary as always. (The fact that he studied all Ravel's piano works with the composer only partly accounts for it: for Ravel to have taken the trouble, the young pianist's gifts must already have been very striking.) The revelation of the recital was, however, Schumann's *Etudes Symphoniques*—played with the five much-debated posthumous variations.

Current critical opinion favours playing only the variations that Schumann chose finally to publish. The case is not open and shut: between the Theme and the Finale the work amounts to a collection of related studies, not an ordered series—and besides, there are precedents aplenty for not treating a composer's last, critical thoughts about a piece as sacrosanct.

I suspect that the additional variations are thought unwelcome chiefly because worthy, dull performances of the *Etudes Symphoniques* abound, and (especially when all the marked repeats are sedulously observed) the extra music is only an extra burden. Not with Perlemuter: he jettisoned most of the repeats happily, inserted the "surplus" variations in apt places, and made the whole seem richly satisfying and not a moment too long. Lesser *pianists beware!*—Perlemuter's art is not easily imitated.

Joni Mitchell/Wembley Arena

Antony Thorncroft

Joni Mitchell carries such a weight of other people's memories on her narrow shoulders that the demands made on her at public performances are doomed to break even the best will in the world. For *many years it has been* Ms Mitchell's will not to play UK concerts so now to cram London into one evening at the certifiable Wembley Arena, and, to boot, to use the occasion to promote a new album, it inevitably transpired that the applause, although generous, was tinged with disappointment.

It is quite understandable for artists to want to produce new songs even if, on first hearing, they may seldom demand a second, but I find it harder to forgive her playing Wembley.

And yet for moments, when *she sang* "Case of you," alone with a lap guitar, all the old magic survived. The clever lyrics, the poetic melody, the intimate confessions of the songs which comforted millions of romantics a decade ago hushed the packed concrete *blankness of the arena in an* intimacy outside the scope of any rival performer.

There was not much of the "Blue" period, or of the earlier Woodstock whimsy, although "Big yellow taxi" survived well. For the second half it was Joni Mitchell plus band, and many of the new songs, which *show her up-tempo, up-spirited*, and rather conventional. It is interesting to watch her perform Presley's "You're so square," but wonder why she bothers. She seems to have escaped into her earliest musical memories and snatches of *old pop* classics, like "Oh my love," are slipped into the contemporary compositions.

The Royal Ballet/New York

David Vaughan

The Royal Ballet's season at the Metropolitan Opera House, part of the "Britain Salutes New York" festival, opened on Tuesday, April 19 — only six performances, three of a mixed bill and three of Kenneth MacMillan's *Mayerling*, not previously seen here. The mixed bill featured a personal salute to the city from the company's founding choreographer, Sir Frederick Ashton, in the shape of a brand new ballet.

Varii Capricci is a *bonne bouche* set to music by Ashton's long-time friend and collaborator, William Walton — five bagatelles originally written in *1972 for solo lute and* later orchestrated, for which Walton, at Ashton's request, composed a final flourish just before he died last month.

In a way, the ballet harks back to Ashton's first ballet to Walton music, *Façade* — it concerns a *raffish gigolo* (Anthony Dowell, in black shirt, white trousers, *dark* glasses, and co-respondent's shoes), only this time his victim is not the bemused virgin of the earlier ballet but an elegant woman of the world (Antoinette Sibley, looking ravishing), who is more than a match for him. At the end, when he comes back for his shades and leaves her with a careless wave of his hand, she is not left heartbroken, like the heroine of *A Month in the Country*, but dismisses the whole episode with a laugh.

The audience, *plainly* delighted to have these two dancers back at the head of the company (earlier in the evening they had recreated their original roles in *Enigma Variations*), enjoyed the joke hugely. But *Varii Capricci* is by no means lacking in choreographic substance. Sibley and Dowell have two pas de deux with some lovely variations on Ashton's "walking on air" lifts; the second duet and a passage in which Sibley dances with four men (which begins with *her doing* the signature "Fred step") at times recalls the stylistic idiom of his *Scènes de ballet (lifts with legs opening* like scissors, or punctuated by turns of the head and flicks of the wrists).

For the subsidiary couples Ashton has picked eight of the most promising younger dancers—Karen Paisey, Genesia Rosato, Ravenna Tucker, Gail Taphouse, Phillip Broomhead, Stephen Sheriff, Mark Freeman, Douglas Howes—and made them look wonderful. David Hockney's brilliant set — a bright-blue swimming pool under an orange sky—made this an art as well as a dance event. Ossie Clark's costumes are the last word in contemporary chic.

The programme also included the delicious *Voices of Spring*, with Merle Park and Wayne Eagling, and Glen Tetley's *Dances of Albion*. The most one can say for the latter is that it enabled us to see some more of the company's marvellous dancers—Lesley Collier, Rosalyn Whitten, Bryony Brind, Stephen Beagley, Ashley Page. But the turgid, tedious choreography reduced them to anonymity, as did their regulation *Milliskin unitards*.

Anthony Dowell and Antoinette Sibley in Varii Capricci: bonne bouche from Ashton and Walton

After *Varii Capricci* Sir Frederick came out for one of *his famous curtain calls*. The ovation that greeted him, and by which he was visibly moved, made it clear that it would have been far more fitting to open with an all-Ashton programme.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

April 22–28

PARIS

Stuttgart Ballet presents Eugene Onegin with Tchaikovsky's music arranged by Kurt Heinz Stolz and choreography by John Cranko at the TMP – Chatelet (261 1983).

Bob Fosse's Dancin', having taken the U.S. and Italy by storm, is now at the Palais des Congres (758 1458).

Modern Dancing with creations by Alwing Ailey and Andy de Groat and Glen Tetley's Voluntaries with Erzsebet/Pailasse at the Paris Opera (742 5750).

Offenbach's La Belle Helene in a new production conducted by Alain Lombard at the Opera Comique (296 0611).

LONDON

Royal Opera, Covent Garden: Poulenc's wonderfully moving Carmelites, not seen here for more than two decades, returns, once again in English, with a splendid cast led by Felicity Lott, Regine Crespon, Pauline Tinsley and Valerie Masterson. *Further performances of* Don Pasquale, with Geraint Evans, Luciana Serra and Francisco Serra (later in the week replaced by Ryland Davies). (240 1066)

English National Opera, Coliseum: Prokofiev's Gambler, an early uneven, but vivid and exciting work, joins the repertory, in the third of David Pountney's new productions this season. Christian Badea conducts, and the cast includes Graham Clark, Sally Burgess and Ann Howard. Further performances of the company's well-routined Fledermaus, and of The Force of Destiny, magnificently led by Josephine Barstow and the conductor John Mauceri (836 3161).

WEST GERMANY

Berlin Deutsche Oper: Der Freischütz starring Pilar Lorengar; a new production of Jakob Lenz, a chamber opera by contemporary composer *Wolfgang Rihm; Elektra with* Gwyneth Jones and Ingrid Bjoner in the leading roles. The Magic Flute brings together Kurt Moll and Gerlinde Wagner. The Merry Wives of Windsor has Alfred Kuhn in the part of Sir John Falstaff and Norma Sharp as Mrs Fluth; Tosca closes the week. (34381).

Hamburg Staatsoper: Der Liebestrank with a cast headed by Guiseppe Taddei *was revived triumphantly*. La Boheme, sung in Italian, has Beatrice Haldas excelling in the part of Mimi. Eugen Onegin has fine interpretations by Lisbeth Balsler as Tatjana and Peter Schreier and Lenski. (35 1151).

Stuttgart: Württembergisches Staatstheater: Der Troubadour has Stefka Evstatieva and mezzosoprano Ruza Buldani, two Eastern bloc guest singers, as Desdemona and Azucena respectively. Der Fliegende *Holländer has Robert Hale in the ti*tle role. Luis Lima appears in Don Carlos. Der Barbier von Sevilla rounds off the programme. (20321).

Munich Bayerische Staatsoper: Tosca *sung in Italian features* Chena Dimitrova and Ingvar Wixell in the main parts. This week's highlight is Salome with Astrid Varnay and Gwyneth Jones. Premiering this week is a new production of Orpheus and Eurydike conducted by Eugen Jochum with Brigitte Fassbänder. Lucia Popp and Julie Kaufmann. (21851).

NEW YORK

New York City Ballet: In his first season *as artistic director as* a result of George Balanchine's ill health, Peter Martins presents 40 works from the company's repertory, ranging from Balanchine's first American work, Serenade (1934), to four pieces premiered in winter, by Martins, d'Amboise and Duell. New York State Theater, Lincoln Center (870 5570).

Paul Taylor Dance Company: Two *world premieres*, Sunset and Snow White, are included in the 24-performance season of one of America's veteran modern dance troupes. City Center (55th E. of 7th Av, 581 7907).

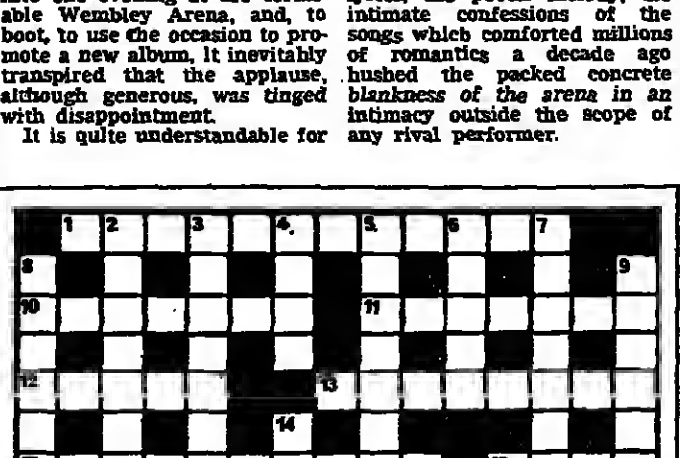
WASHINGTON

Metropolitan Opera: National tour features performances this week of Lucia di Lammermoor, La Boheme, Macbeth and Boris Godunov. Opera House, Kennedy Center (254 3770).

BRUSSELS

Le Comte Ory by Rossini directed by John Pritchard with John Aler in the title role. Theatre Royale de la Monnaie.

F.T. CROSSWORD PUZZLE No. 5,156



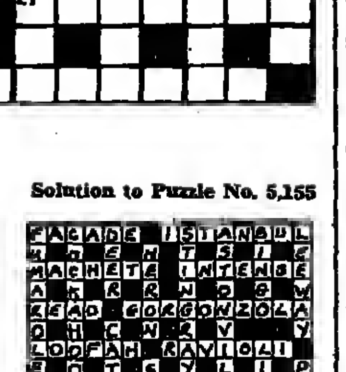
ACROSS

1 Gallic refinement applied to furniture (6, 6)
10 Restoration novel in authentic setting (7)
11 He needs a regular supply of drugs to keep going (7)
12 Drenched with water so he'd have to change (5)
13 Broken boot-tree found in *the garden* (8)
15 Forms to be filled at a General Election (5, 5)
16 Consequently return to sea the capital (4)
18 Hair-fastener? (4)
20 Tom is to blame, perhaps, for an organic change (10)
22 Favour a top-of-the-bill act? (4, 4)
24 Intends to give me a short answer (5)
26 Cunning action made with the French in view (7)
27 In steel, perhaps, but capable of being stretched (7)
28 A drilling site (6, 6)

DOWN

2 Calls round to have a meal (5, 2)
3 The times we live in (8)
4 An overhead light (4)
5 Short races organised for play groups (10)
6 Nitre treated like nitrogen (5)
7 Atrocious house in chaos (7)
8 A man whose career lies in ruins (13)
9 Changing to steam trains? He should know (7-6)
14 It's very well known to have had a festival (10)
17 Order duck for a serviceman (8)
19 Big shot in the film world? (5-2)
21 I adopt a Latin form of language (7)
23 Groom a wild animal (5)
25 Game unsuitable for women (4)

Solution to Puzzle No. 5,155



FINANCIAL TIMES

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Tuesday April 26 1983

Two ways with bank claims

THE INTERNATIONAL banking lifeboat, a combined operation of central banks, the Bank for International Settlements and the IMF was launched last summer to be greeted with general applause and relief; but as it wallows towards the last quarter of its first year of operation, there are growing signs of dissent even among the lifeboat crew.

Recently Dr Fritz Leutwiler, head of the Swiss national bank and chairman of the BIS board, expressed his disquiet at the activities of some of his fellow central benkers—a very rare event in this normally most discreet of clubs. He singled cuts as imprudent the pressure heing brought on commercial banks to renew and extend their internetional interbank lines. imprudent.

This week the belated publication in England of the full text of a memorandum to the Senate banking committee of a distinguished group led by Dr Karl Brunner makes a more general assault on banking baleouts. Arguing that bad loans meen losses which ougbt to fall on those whose judgment was at fault, the report takes a robust attitude to defaults; they should be survivable. Central banks sbould limit their intervention to vigorous lender-of-last-resort support for banks suffering a loss of deposits, and avoid arranging unrealistic resebedulings or refinancing of questionable loans at taxpayers' expense.

As if to illustrate this thesis, the news of the proposed takeover of Seafirst by BankAmerica Corporation has emerged on the day of publicetion of the Brunner memorandum. Seafirst's troubles arose from its unwise support of the wildly inflated lending operations of the Penn Square bank in energy development. The Federal Reserve allowed Penn Square to fail, and provided no protection for its interbank depositors. Seafirst was kept afloat by its lkender of last resort, hut the management went, and now the sbareholders are offered less than book value.

This approach meets the Brunner criteria perfectly: it has been non-inflationary, and has cost the U.S. taxpayer nothing. Bank depositors, except in the interbank market, have been fully protected throughout, but bankers have learned a sharp lesson in prudence. Alert prudence is a better way of keeping credit growth in cbeck than high interest rates, and this and similar episodes should help to reduce rates. A fall in rates, in turn, is easily the most effective way of turning other questionable loans into sound and serviceable ones.

By contrast, e general effort to reschedulc all existing loans, sound and unsound, in many ways actually hampers the recovery which would equally help to solve the problem. Banking spreads rise to cover enhanced risk, and banks must bid for larger deposits to finance the inevitable growth of loans to borrowers who cannot find the interest on their debts. The expansion of bank. balances tends to be reflected in unruly money supply figures, arousing fears of future inflation and adding to the pressure for high rates. Finally, large government borrowings to finance IMF expansion will in due course depress the hond market.

When it is stated in these terms, the case for severity—or at least for a fairly harsh realism — looks unanswerable. Unfortunately, though, it *is* easier to preach such realism for the Euromarkets than to put it into practice. Sovereign borrowers can hardly be forced into bankruptcy like a failing commercial enterprise, leaving the assets available for new management; this is a political as well as a banking question. Lender-of-last resort facilities can also be difficult to provide where the central bank concerned had to horrow foreign currency to support its own banks.

However, there are steps which could sensibly he taken towards greater realism. Other central hanks could more energetically follow the example of the U.S. Comptroller of the Currency in insisting on adequate and uniform provision in bank balance sheets against questionable loans. Such a writing-down of inflated valnes might reduce the resistance of the banks to proposals for the radical reconstruction of some irrecoverable short-term deht into medium-term loans, to be sold on where possible in the bond market.

Dr Leutwiler also has a sound point: the interbank market proved to be an engine of illusion, in which depositing banks foresaw no difficulty in calling their money in, while lending banks assumed that they could always refinance short loans which were rolled over into long ones. This market certainly needs no official approval and underwriting. And as Mr Stanislas Yassukovich argues in a current article, commercial banks should have no long-term role in sovereign lending, where they have no effective sanctions. The guiding principle for central bank operations should surely be that the aim is not to revive the Euroloan market as we knew it, but to cut it down to size in an orderly way.

A formula for export credits

THE industrialised nations this week beve their best opportunity since 1978 to remove from the trading system a persistent irritant, which in recent years had often chimed with other issues to produce serious tensions between the U.S., the EEC and Japan: this is the level at which interest rates are set for export credits, granted mainly to developing countries for the purchase of capital goods.

Each year, the 22 countries in the OECD export credit group, known as the Consensus, grapple with the question of wbether rates should go up or down and which country should pay what rate. Each year the Consensus seems on the verge of breaking up, opening the way to unfettered subsidising, whether by official support of unrealistically low interest rates, a European habit, or hy offering inordinately long maturities, a U.S. habit.

This week, certainly, there will be a haggle ebont interest rates. There has already heen a foretaste in the EEC discussions wben agreement was reached thet they should go down but no accord on how much. But more important in the longer run is the EEC acceptance that there should be a semi-automatic mechanism whicb would work to keep Consensus interest ratas aligned with market rates.

Technically, the way in which sucb a mechanism would work is not clear and, indeed, there are bankers who doubt whether it is practical. But the central eog of the mechanism would probably be e Consensus interest rate based on the weighted average of long-term money market rates in the Consensus countries, with provisions to protect credit-giving countries whose domestic rates stray too far from what would be established as the norm. The rate would change at prearranged intervals, thus reflecting the movements in commercial interest rates.

Clearly, the system is not ideal, but it is worth a try as the best that can probably be arranged under present political and economic circumstances. And it becomes possible to arrange because, with exceptions like France and Italy, commercial interest rates have fallen either close to or below present Consensus rates.

These factors should go some way towards blunting the long-standing differences—financial and ideological — which have plagued the Consensus since its beginning. The U.S. has argued for an end to subsidies, wanting export credit interest rates to be tha same as domestic market rates. But it has been ready enough to accept the Consensus as a means of checking the flow of subsidies. The price it has paid has been a restriction on its desire to offer finance on terms longer than the Consensus maxima. Japan, for its part, has wanted an interest rate system based on domestic rates, largely because its own interest rates have been lower than those of the Consensus.

The EEC has always found it difficult to reconcile the free market views of West Germany and the Netherlands with the prevailing view of France, Italy and the UK, where subsidies have not been an ideological issue but a price to be paid for winning business.

In the past, Consensus interest rate arrangements have tended to be a trade-off between the European desire for lower charges to buyers and the U.S. desire for longer maturities. A semi-automatic mechanism for change would cut into the wearisome process of arranging that trade-off.

The important effect of the mechanism is thet it would reduce tha role of governments in settling what is essentially a commercial matter. If the technicalities can be worked out, the mechanism would be tha equilvalent of a neutral rule, establishing conditions for business in a non-political fashion. This would be a force for stability: the greater the involvement of governments in the trading system over the last few years, the greater has been the dislocation.

Austria's election

Kreisky: the Kaiser bows out

By W. L. Luetkens in Vienna

KAISER BRUNO of Austria is no more. Dr Bruno Kreisky, Chancellor since 1970, may yet have a role to play in his country's politics—behind the scenes, or on stage. But a quasi-imperial ability to impose his wishes, seemingly at will, vanished on Sunday, together with the absolute parliamentary majority of the Socialist Party.

Almost 17 years of one-party Government—first by the conservative Peopla's Party, then by the Socialists—are over. During that time, the Austrian tradition of compromise, checks and balances and of consensus was never far from the surface. Now it returns to politics at the highest level. Coalition government of one form or another looks inevitable, failing the quite unexpected.

Such an outcome corresponds not only to the arithmetic of the election result but also to the popular mood. As islanders feeling threatened hy the surrounding tide of world recession, Austrians have turned away from adventure. The reformist wave which brought Dr Kreisky to power has subsided. Closing ranks is the order of the day for the man in the street.

It is not especially hard to pin down why this should have happened. Dr Kreisky himself identified the most immediate reason on election night. After 13 years in power, the Socialists inevitably suffered from wear and tear. To thet, one must add that, at 72, the Chancellor was showing his age. He suffers from a kidney complaint and often looks tired, even listless. But the mere passage of time only very partly explains what has gone wrong for him. Dr Kreisky lost his absolute majority because of the petent fact that the world is greatly changed since he became Chancellor.

Though Austria has remained almost immune to recession and inflation, at least so far, unemployment did creep np last year. At the same time, the Government's pump-priming efforts and its expenditure to preserve jobs in deficit-ridden state-owned industry caused growing budget deficits. The attempt to hold them down to 2.5 per cent of GDP appears to have succeeded in 1981. But last year, the deficit was once more well up and this year it promises to be no better.

Dr Alois Mock, leader of the People'a Party, made much of this during the campaign, as of a prospective, slight increase in unemployment. The Socialists stuck to their guns. More debt, they said, was better than more unemployment. It is not a message that goes down well in countries where economic policy is equated with good housekeeping.

Besides encouraging this sort of defensive popular reaction, the recession also seemed to change Dr Kreisky. He came to power (as Herr Willy Brandt's Social Democrats did in West Germany one year hefore) largely by putting his party on to a social *democratic*, rather than a socialist, course. But a few years later, Dr Kreisky is reported to have said of himself that the older he grew, the farther he moved to the left.

The change may have been more apparent than real. But it was not calculated to encourage what became known as "Kreisky's voters," meaning middle-class peoplc who had deserted their own parties in the election of 1971. They were not satisfied with the Government's increasingly interventionist economic policy and the costs it entailed.

Much younger than the Chancellor, these "Kreisky voters" had no personal memories of the recession of the 1930s, which drove unemployment in Anstria to abont 40 per cent. They had no first-hand experience of how that recession led on to facism and war. To Dr Kreisky, these were memories of paramount importance: he had been imprisoned both by the Nazis and by the anthoritarian regime in power before the German annexation of Austria in 1938.

Dr Kreisky's reputation was built on his conduct of external affairs as Foreign Minister in the early 1960s. Once he became Chancellor, he retained his interest in this subject. making contributions to world affairs well beyond what might be expected from a small, nentral state. He was one of the pioneers of detente in Europe and one of the first statesmen in Western Europe to try to bring the Palestinians into the search for a Middle East settlement.

His standing abroad was largely based upon his creative contributions to world politics. At home, Dr Kreisky primarily aroused suspicion for his pains. The typical Austrian petit bourgeois—and it is a numerous breed—prefers not to stick his head above the parapet. He was proved at least partly right, when Arab terrorists committed several murders in Vienna.

The first unmistable sign—in retrospect—that the Kreisky bandwagon was slowing down, occurred in 1978. The electorate refnsed in a referendum to sanction a commissioning of the first Austrian nuclear power station at Zwentendorf. The Chancellor favoured nuclear power, but fumbled his tactics. The power station has remained dead ever since and may eventually have to be knocked down.

Zwentendorf is important for two reasons not connected with energy policy. It was the first occasion on which the environmentalists and anti-nuclear movement showed its teeth in Austria. The referendum also produced a spectacular breakdown of tha usual consensus in Austrian politics.

The Government wanted nuclear power; so did the trada unions; so did industry and a majority in the People's Party. But because Dr Kreisky seemed to turn the referendum into a personal vote of confidence in himself, the People's Party did not campaign for the power station. From an opposition viewpoint, the Chancellor had become too big for his boots and needed a lesson.

An important truth underlay this attitude: Dr Kreisky has striven for social and political consensus, but it has usually been consensus around his own person and party. Many opposition supporters believe that his aim in this year's election campaign was to make the eclipse of the People's Party permanent.

If that was so, he has failed. Consensus will survive what has happened, and will return in its classic form of coalitions or understandings between parties and between the many lobbies which have the last word in so much of the country's affairs.

A case can be made that such backstage management lends itself to corruption and encourages cynicism. Corruption there occasionally is: a few spectacular court cases have been heard, but since they involved men from both big parties, the effect on the election result cannot have been great.

As regards disenchantment with the establishment, it is a notable lesson of the election that voters have been far less infected than once thought. Pure protest parties did increase their share of the 4.7m valid votes to 4 per cent from 1 per cent in 1979, but in practice made no impact.

At this stage, nobody can be sure what sort of government will emerge. The most probable solution is a coalition between the Socialists and the liberal Freedom Party. It is probable that, as party chairman, Dr Kreisky will work for that. In the past, he has rejected a revival of the so-called Grand Coalition with the People's Party, which lasted from 1947 until 1966. The Chancellor's preferred successor, Herr Fred Sinowatz, has also spoken against a renewed Grand Coalition. But both men became much less categorical as the election results came in.

That was not mere cageyness; they know that Herr Anton Benya, grand old man of the trade union federation, hankered after a Grand Coalition.

In spite of the many uncertainties, two points can be firmly made. First, the realities of the hudget deficits and of little Austria's position in the world preclude drastic changes to economic policy. Even in the unlikely event of an anti-Socialist coalition emerging, changes will be limited; a little lessening of money for public works, a little more for small business in the form of tax incentives. The transition will be nothing like that from Labour to Mrs Thatcher in Britain.

Second, social consensus to which most Austrians ascribe their freedom from strikes and their economic successes will not be cast away; it could even emerge strengthened.

Dr Bruno Kreisky: "the recession seemed to change him"

THE POLITICAL PICTURE

SOCIALIST PARTY. Seats in new parliament: 90 (provisionally). In power alone since 1970, in coalition with the People's Party from the end of the war until 1966. Social democratic, but with a surviving tradition of state intervention in the economy. Base: trade unions.

Led by Dr Bruno Kreisky, Chancellor since 1970, when he modified party policy to appeal to reformist middle-classes traditionally opposed to Socialists. One-time Foreign Minister. Born 1911. Dr Kreisky has said he will resign as Chancellor and has recommended Fred Sinowatz, his Vice-Chancellor, as his successor.

PEOPLE'S PARTY. Seats in new parliament: 81 (provisionally). Largest party, until displaced by the Socialists in 1970. Combines conservative with Christian social tradition. Base: small business, urban middle class, rural.

Led since 1979 by Alois Mock, a representative of the party's trade union wing. Served on Austrian delegation to OECD, 1962-66. Born 1934.

FREEDOM PARTY. Seats in new parliament: 12 (provisionally). Perpetually the smallest of the three parties in Parliament. Continental-style liberal with left and right wing. Base: urban middle class.

Led since 1980 by Norbert Steger. Made his mark in student politics. One-time member of the celebrated Vienna Boys' Choir. Born 1934.

THE INGREDIENTS OF AN ECONOMIC SUCCESS STORY—SO FAR

AUSTRIAN economic success and management have fascinated outsiders for years, especially the socialists among them. The Austrian model, as it has been called, has attracted men like Mr Georges Mitterrand, now the French President, and Mr Denis Healcy, deputy leader of the British Labour Party. One thing that they have generally learned is that the Austrian model is not really exportable.

Its main constitutent is social partnership—the readiness of labour and management, but also of other special interests, such as tha peasantry, to settle grievances by compromise. It is an attitude rooted in Austrian history and almost amounts to voluntary wage and price restraint, arrived at on a fairly informal basis.

The second main constitutent is a hard currency policy which has caused the Austrian schilling to become linked de facto to the D-mark. This policy amounts to a recognition of the country's extreme dependence on both exports and imports. Logically, it has forced everyone to agree to a firm stand against inflation.

So much is common ground in Austria. But great controversy surrounds the policy of deficit spending adopted to protect employment. The non-socialist parties maintain that a bewildering confusion of public works programmes has driven the budget into intolerable deficit. Sooner or later—probably sooner, the non-socialists say—the bill will be presented.

They will, therefore, exert their newly-enhanced political influence to achieving spending cuts, limited though they will be, and to diverting more money from state-owned industry to the private sector. The latter is populated mainly by small business.

The importance to Austria of small business cannot be over-estimated. By nature paternalist, it provides a cushion against unemployment. By virtue of its smallness, it can be, and often is, very adaptable. It is, therefore, called upon to play a prima role in keeping Austrian industrial structures competitive. A small increase of the Austrian share in world export markets last year has given rise to the hope in Vienna that a necessary restructuring is under way.

What is the statistical score-box? A current account surplus last year of Sch8bn (about £308m), expected to rise to Sch13bn this year; real growth of GDP by 1.1 per cent last year, with 0.7 to 1 per cent forecast far 1988; an unemployment ratio expected to rise only marginally from 3.7 per cent in 1982 to 4.5 per cent in 1983; and an inflation rate expected to decline from 5.4 per cent to 3.7 per cent.

Where is the catch? There may not be one, if the world economy goes right. As a marginal supplier to world markets, Austria would immediately profit if demand in the world, and above all in West Germany, were to pick up strongly. If the world economy goes wrong, another attempt may have to be made to buy Austria's way out of trouble. That could be expensive.

Men & Matters

Power vacuum

There's a job going at around £25,000 at CEGB headquarters in the City—as anyone calling the director of public relations there after about 11.00 am yesterday would have found out.

Michael Pickering, whose arrival from British Airways as recently as last summer almost coincided with Sir Walter Marshall (who followed Glyn England as chairman) has left abruptly "by mutual agreement."

"Efforts were made on both sides to establish a *modus vivendi* but it didn't work out," says John Baker, board member responsible for commercial affairs and public relations, diplomatically. Baker was responsible—*via* head hunters —for Pickering's appointment.

But Baker acknowledges that the final arbiter in any new appointment is going to be his chairman who wants, above all, a spokesman who will be adroit at handling the board's nuclear affairs Pickering, with a long career in British Airways, had no experience of the nuclear industry and the kind of opponents it begets.

Pickering himself tells the story of how he consulted an old school chum Christopher Ward, editor of the Daily Express (until he too was abruptly replaced last week). Ward replied helpfully that he supposed the Express ought to he against nuclear energy . . . . But if asked why, he couldn't offer any good reason.

Pickering really came to grief over a World in Action programme early this year when, according to Marshall, undertakings were asked for and given before ha agreed to appear, but were not honoured by tha TV team. Pickering's was not to intervene as his beleagured chairman wished him to.

While Marshall seeks his new spokesman — prohably in tha nuclear industry which has long experience of tha wiliness of its opponents—those left in the most invidious position round at the CEGB are two newish recruits—respectively head of press relations and head of public affairs.

Pickering has recently recruited them from British Airways.

Stamina needed

The inquisitive Fourth Estate and its constant inquiries to the Lloyd's insurance market has led to a shake-up in the information department there.

My man in Lime Street says that Lloyd's is poised to announce that John Bryant, an assistant editor of the Daily Mail, is to become director of public affairs.

He seems to have one obvious quality for the job. He ran in the last London marathon and notched up an impressive 2 hours 48 minntes time.

Currently meetings at Lloyds have taken on a marathon nature and require a certain stamina.

The last council meeting lasted eight hours and those responsible for public affairs often have to sit in on the *proceedings*.

Another long distance runner, who chairs the internal Lloyd's information policy board, is Peter Miller, chairman of tha Lloyds broking firm Thomas R. Miller, and a member of Lloyd's council. Miller, who is a personal friend of Bryant, put his name forward for the joh and feels the choice is ideal.

Cab-grams

Couriergram, the new private enterprise telegram service, is seeking the Royal seal of approval hy being allowed to deliver one of the Queen's 100th Birthday greetings telegrams to the next loyal subject to score the century.

Couriergram deserves a try simply to see if its new messages possess the penetration qualities of the late lamented telegram.

When a company was falling down on the job, failing to deliver and ignoring the customer's entreaties, a telegram to the chairman used to be the most certain way to galvanize the body corporate into some semblence of life. The slower Telemessages now offered by British Telecom hava not filled that gap.

Couriergram is sensibly relying upon a well-proven British network to carry its messages—some 750 local taxi companies.

Courier and the cabmen together reckon they can deliver a message almost anywhere in the country within two hours of it being phoned to a central office in Northampton.

At rates of between £5.95 and £11.95 for a short message, depending npon the remoteness of the destination, we will be forced to choose our words carefully.

Candles are out

Shareholders in one British multinational group ere used to opening the annual report and finding that they have invested in a company whose ohjects are "to carry on business as soap makers, candle makers, seed crushers, paper makers, printers, photographers, stationers, builders, carpenters, and stone merchants . . . ."

The soap, and the seed, but littla else may enable the eagle-eyed to identify the company as Unilever plc.

Sadly, these splendid corporate purposes are now to be cast aside.

Unilever, which was established as Lever Brothers in 1890, is apparently determined to drag itself thoroughly into the closing years of the Twentieth Century and is proposing to change the old Memorandum of Association. The substitution will have an altogether greyer and less exciting quality and will be included in the 1983 report.

Apart from the old memorandum's interest as an item of industrial archeology it also confounds the notion that conglomerates are modern invention.

By George!

The British community in Kampala, Uganda's capital, is determined not to let the occasional round of gunfire at night deter it from traditional pursuits.

Nearly 100 of its members turned up in black tie and dinner jackets at the Speke Hotel the other evening to hold the annual hanquet of the Royal Society of St. George—Uganda branch.

A huge haron of beef was toted in by the honorary carvers to appreciative applause from guests. Hotel staff looked on tolerantly as the British enacted their tribal ritual. Beef, Yorkshire pudding, horseradish sauce and vegetables, were followed by plum pie and fresh cream.

The raffle was duly drawn: "The prize" called out a wag "is a weekend in Kampala."

Cheep advice

From the latest issue of tha British Medical Journal. What do you get if you kiss a hudgerigar?

Cherpes—and its untweetable.

Observer

Letters to the Editor

Japan's trade with the world

From the Director, Japan Information Centre, Embassy of Japan

Sir,—The comments made by Mr David A. Robins and Mr W. M. Clarke (April 20) on the entrepot nature of the City's role in invisible trades are perfectly correct; these comments, however, are not comprehensive. Mr Robins and Mr Clarke should recognise that all other financial centres, for example, Singapore, Hong Kong, New York, etc, are in a similar position. There are inflows of invisible earnings from Japan through other centres, accruing to UK residents—just as there are outflows through and from the City. Then, how can they arrive at a correct assessment of a net bilateral balance, without taking account of such multilateral trade relationships?

I would hope that it is not necessary to point out that the entrepot theory can also apply to visible trades. Iron ore, imported by Japan from Australia, together with coal from Canada goes into the production of steel; this in turn may be manufactured into machine tools used to produce components for British-made aircraft, which Britain wants to sell to Japan.

Thus, the Japanese Government is always maintaining that the only balance which should matter is a multilateral balance, not an individual bilateral one.
Akira Sugino.
9 Grosvenor Square, W1.

From Mr D. Robins

Sir,—Mr Wilson's points (April 22) are indeed valid, though they successfully move the discussion from that of bilateral trade initially addressed by Mr Bourlet (April 13) to trade relationships on a multilateral basis. Having broadened the scope thus far, perhaps the following observations should be made. Despite Japan's onward remittance of export earnings in payment for its raw material imports and despite the ten fold rise in the price of oil since 1973, the country has registered a cumulative trade surplus of over $100bn between 1974 and 1982.

Even taking into account the country's perennial invisibles deficit (figures for which, on a global basis should overcome the bilateral anomalies addressed by Messrs Woods, Clarke and myself) Japan has run a cumulative current account surplus of $18bn over the same period. Forecasts of the current account surplus in 1983 are in the $12-16bn range. One of the major areas of concern related to this performance was highlighted by Charles Smith's article of April 20. This detailed the decline in Japan's manufactured consumer goods imports since 1979 and pointed to the imbalance in manufactured goods trade between Japan and her Western trade partners, which goes most of the way to offsetting the country's deficit with raw material exporters.

Though the debate can certainly be broadened further by taking account of Japan's role as a long term capital exporter (net outflows have more than offset the current account surplus over the last decade), ultimately the discussion must revolve around Japan's role as the second largest economy in the free world. In this respect, it is to be hoped that there is no intention of discrimination in the complaints made to Japan, as suggested by Mr Wilson. Rather, as Japan is feeling its way "into a new and more important role in the international capitalist world," should it not be alerted to its responsibilities as a major trading nation? Perhaps this function is now best left to the participants at Williamsburg.
D. A. Robins
(Far Eastern Economist),
Phillips & Drew,
Lee House,
London Wall, EC2.

From Mr J. Bourlet

Sir,—May I reply to your correspondents regarding visible and "invisible" trade statistics with Japan?

Japan's payments with the EEC as a whole, taking both visibles and invisibles together, are given in the Bank of Japan's balance-of-payments monthly. Recent figures are shown below.

For 1982 "visible" sales from the EEC in Japan are sharply up due to the remarkable success of German car sales while Japanese sales in the EEC are sharply down due to the recession. Figures for 1982 "invisibles" are not yet available. The "gap" per cent for 1982 looks like being at least halved so that one may say that if the EEC from now on bought about 10 per cent less from Japan there would be a bilateral "balance." The recent "imbalance" peaked as long ago as 1977 — for rather obvious reasons.

UK figures for "visible" trade are inappropriate for calculating bilateral balances because UK exports are recorded fob but imports are recorded cif. The two are not quite comparable since transport and insurance, etc, from Japan costs about 14 per cent of the goods value. On such a basis all countries could have a deficit—a logical absurdity! American and Japanese trade figures exclude transport costs for both imports and exports. Given the Japanese reputation for meticulous accuracy and their long history of effective government bureaucracy I think one would be wise to accept the Japanese figures.

Of course a major part of Japanese payments for "invisibles" to London is subsequently passed on to non-UK residents—just as car and TV components imported from Japan to Britain get "re-exported" as part of completed products.

Perhaps a joint UK-Japan set of agreed figures with an acceptable accountancy "reconciliation" should be produed for "invisibles." As a start, the Japanese breakdown for 1981 is:—

(U.S.$m)	Debits	Credits
Transportation	1,568	726
Travel	245	26
Invest. Income	4,973	2,746
Others	1,464	397
Official	9	0
Private	1,455	397
Transfers	46	12
Total	8,296	3,907
Balance (in Britain's favour)		4,389

Japanese figures for "invisibles" have been published for many years but they have only recently been calculated by the UK authorities. The main point nonetheless is that these payments must be taken into account if one is foolish enough to want to make bilateral complaints. Until agreed figures are available the parties must agree to differ on whether the UK has a bilateral payments deficit or surplus with Japan.
James Y Bourlet.
Faculty of Commerce,
Keio University,
15-45 Mita 2-Chome,
Minato-ku, Tokyo, 108.

Year	Imports (to Japan) plus invisibles	Exports (from Japan) plus invisibles U.S.$m.	Bilateral current ac "Gap"	"Gap" as % of payments to Japan
1976	7,840	9,678	+1,838	19.0%
1977	8,449	11,135	+2,686	24.1%
1978	10,652	13,666	+3,014	22.0%
1979	14,815	16,170	+1,355	8.4%
1980	16,200	21,059	+4,859	23.1%
1981	20,958	24,923	+3,965	15.9%

Redirecting pension funds

From Mr C. Rawson.

Sir,—Mr Brickell's comments (April 19) on the investment of pension funds in the labour force of the future deserve closer attention from pension fund trustees and their investment advisers, but he confuses the issue with the misguided observation contained in his final remark.

He asserts that "the City is . . . too parochial and short-sighted even to get a measure of the task (that of long-term 'social' investment). The Labour Party, at least, has escaped the actuarial concept of pension fund investment."

The actuarial concept of pension fund investment, however, is that of funding in advance whereby members' pension scheme contributions are invested over very long periods to secure their own scheme benefits. This is in contrast to pay-as-you-go pension schemes under which the contributions of the workforce are not invested long-term but are used instead to pay the pensions of those who have already retired.

It can be seen, therefore, that an "escape" from the actuarial concept of pension fund investment is an escape from the obligation to take a "long view" of investment decisions in pension fund management which Mr Brickell rightly seeks to promote.
Charles Rawson.
12G Compton Road,
Islington, N.1.

Challenging management

From Mr J. Macpherson

Sir,—It was a relief to read your leader of April 16. Management in this country must be made more effective and you have pointed the way for this to be done. Human nature being what it is, rewards for success and sanctions for failure are the only answer. Company funds—which are, after all, shareholders' funds—are not honey pots for the inefficient, the uncommitted, the indolent or the undeserving to help themselves.

Until such time as the major shareholders take their responsibilities more seriously (as in Germany), could not more be done to emphasise individual company shortcomings? For example, comments on company results could at least draw attention to increases in payments to staff unmatched by increased dividends and/or improvements in the company's structure or basic viability. This surely would help to keep management on its toes.
J. A. E. Macpherson.
Doles Farm,
Polstead Heath,
Colchester, Essex

Developing northern airports

From Sir Bernard de Hoghton

Sir,—Being a frequent air traveller and having a wide spectrum of economic activities from agriculture to investments, I feel compelled to answer the growing controversy building up around the Shuttle air service and the future development of commercial airports between the north and the south of the United Kingdom.

The latter issue is clearly the more important, nationally, since it highlights the insidious but growing malady of the north-south split as well as the bias in ministerial and civil service thinking towards southern concentration and the lack of genuine development support in the north of England. Clearly, both tendencies are negative and adverse in the United Kingdom's attempts to resist industrial decay and provide for new technologies in our existing industrial areas.

The new high technology industries need fast and efficient export "gates" especially since most are of high value-low weight/volume which is ideal for air cargo. The cost of getting goods to all three major airports, situated in the south-east corner of England, if produced in the Midlands, the north-west or the northern areas of England seems to be both a waste and a misdirection of scarce resources.

This valid and serious criticism must also apply to transportation costs of passenger traffic since the large catchment areas of travellers living in the north are forced not only to endure the discomforts but the added travel and the increased cost of travelling down to the south and later back up to the north when they could so easily have moved directly overseas from the north.

The presence of a fully international, modern and large airport not only provides prestige for its nearby town, but also makes the town more desirable and accessible to the decision-makers of finance and commerce, both nationally and internationally.

Near saturation of air traffic space and ground facilities in all three major airports of the south-east is another major reason for a radical reappraisal of current thinking.

It would seem, therefore, not only logical, but would go some way to restore the balance of north and south to stop hindering the development of Manchester / Ringway international as has been attempted of late by official hostility, if not procrastination. Ringway (Manchester) is the north's one big international and highly modern airport and could be developed rapidly.

Air travellers, using European state monopolies want value for money, not cheap plastic frills. The Shuttle to Scotland, Northern Ireland and north-west England is efficient, modern in concept and very useful to the fast-moving traveller whatever his underlying activity. When compared with similar, though not identical services in Europe, however, it is more expensive.

Instead of cutting it out or forcing up the price, it would seem more sensible, having bought the new Boeing 757, to make the service better known and to make the cost cheaper, thereby filling up the planes rather than taking them out of the skies.
Sir Bernard de Hoghton,
de Zoete and Bevan,
25 Finsbury Circus, EC2.

Words, inferences and accents

From the Chairman, Dublin Newspapers

Sir, — Malcolm Rutherford wrote (April 15) that Sir Keith Joseph held it to be a comment on the British way of life that there is no English word for "entrepreneur." Sir Keith must have read John Stuart Mill's "Principles of Political Economy," where Mill regretted that the English for "entrepreneur" was a word known only in a different sense. The word is "undertaker."
Andrew Whittaker,
Dublin Newspapers,
Dundrum Castle,
Dublin 16.

From Mr J. Hallam

Sir, — In criticising Mrs Thatcher's use of the word "frit" John Hunt (April 21) is too clever by half—or rather wholly ignorant of North Country slang. At school in the East Midlands the future Prime Minister would have regularly heard and no doubt used the word as an abbreviation for "frightened" as thousands of children at school today in the Midlands and the North will have done.
Jack Hallam,
32 Ordsall Road,
Retford, Notts.

From Mr A. Chancellor

Sir,—In his Lombard article of April 21—Mixed pedigrees in Bond Street — John Plender omitted that the comment that Christies were gentlemen trying to be auctioneers and Sothebys were auctioneers trying to be gentlemen! Plus Ca Change . . .
A. C. B. Chancellor,
Browns,
Bix,
Henley-on-Thames,
Oxon.

From Mr J. Tucker

Sir,—Mr Dunkley's observations (April 20) on the relative orientations and contents of the BBC and ITV Saturday sports programmes bring to mind further examples—rugby union v speedway; the Grand National v the Derby; the British Golf Open v "some regional tourney."

On the other hand how does Mr Dunkley explain the BBC's "saturation" coverage of the World Professional Darts championship, relayed in the impeccable and faultless tones of that "typical" Cambridge graduate, Mr Sid Waddell?
Jonathan L. Tucker.
Hazeldene,
75 Glenalla Road,
Llanelli, Dyfed.

It's got to be good to sell

From Mr J. Dunlop

Sir,—In support of Peter de Brant's letter (April 21), may I say that after separate experiences by my wife and myself of British Airways on flights to and from Australia, we have booked our next trip there on Singapore Airlines.

May I also take this opportunity of suggesting that Gordon Dunlop should recommend to his associates in the hierarchy of British Airways that his grandfather is on record as saying about his own and competitors' businesses . . . "If your stuff is good enough, folk will go round a corner and up a close to get it." In other words, no amount of cost saving or brilliant advertising will save a business or increase its profits unless the stuff that it sells is good enough, and if it is not all they can do is postpone the end.

Peter de Brant hit the nail on the head in his last sentence—greater attention to service and less to "face" must be the best form of advertising.
John P. C. Dunlop,
17 Randolph Crescent,
Edinburgh.

Profiling a company

From the Financial Controller, Greggs of Rutherglen

Sir,—Although the facial representation of financial data reported in your article, The new meaning of company profile (April 20), is a relatively novel concept, it is not as original as the reportage implies.

Either Fortune or the Economist ran a feature some two years ago on a similar system and my recollection was that the originators, like the sponsor of this "new" system (Dun and Bradstreet), were American. That system added gauntness to the more obvious facial characteristics—with it, the illustrated visage would have taken on a more realistic cadaverous appearance.
J. P. Curran,
27 Southcroft Road,
Rutherglen Industrial Estate,
Rutherglen, Glasgow.

The causes of unemployment

From Mr A. Seale.

Sir,—A Confederation of British Industry spokesman maintained on Newsnight on April 19 that much of the increase in unemployment since 1979 has been due to the reduction of manning levels in overmanned industries.

Redundancies in an overmanned factory cannot significantly reduce output, yet Mr Hobday of the BBC showed how industrial production had fallen drastically since 1979.

Is not the CBI therefore wrong, and has not most of the unemployment increase been caused by a lack of competitiveness, helped by the dramatic fall in investment pointed out by Mr Hobday, and by a lack of demand, aided by Government-induced deflation?
Adam Seale.
161 Shakespeare Tower,
Barbican, EC2.

Japan and Urban Blight

A new kind of new town

By Jurek Martin in Tokyo

GENERALISATIONS are always dangerous. But, taking the plunge, it is often said of the Japanese that they are lousy at anticipating problems but incomparable at handling them when they become pressing.

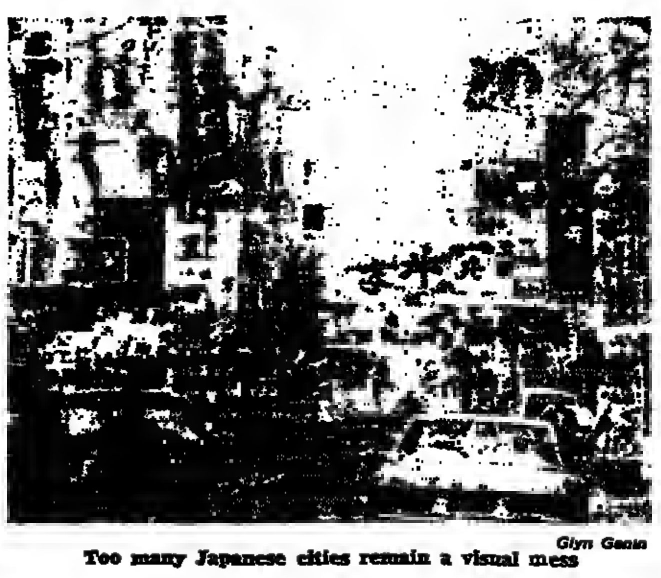
There is some disparate evidence behind the theory. Few countries, for example, were as ill-prepared as Japan for the first oil shock nearly 10 years ago but few, if any, handled its consequences so well: few governments took such little interest in the problems of drunken driving until, by the mid-1970s, the carnage on the roads had become so awful that Draconian laws were instituted, with great success.

Perhaps nowhere, unless in the provision of social security for a ageing society, was the lack of foresight so palpable as in urban planning. There is a partial historical explanation for this: old Japanese cities, built mostly ot wood, have always been prone to the twin threats of fire and earthquake (which consumed Tokyo, just 60 years ago this September), and they were especially vulnerable to the destruction of a man-made kind that rained down from B-29 bombers in the last war.

But in the frantic leap for growth that began in the 1950s and reached its apogee in the following decade, the environment, in its broadest sense, was given scant consideration. Only when it became apparent about 10 years ago that the country's smog-ridden, traffic-choked and trash-strewn cities were facing an ecological holocaust, did the Japanese talent for correction and adaptation begin to make itself felt.

However, the legacy remains on the surface. For all the improvements of the last decade, too many Japanese cities remain a visual mess: they contain countless small surviving jewels and, because the Japanese flair for design is so strong, the occasional modern architectural delight (Kenzo Tange's soaring new Akasaka Prince Hotel in Tokyo is a particular favourite). Yet, overall, in the span of less than a generation, Japan created too many unplanned urban concrete jungles where life and work, even for a stoic society, are harder than they should be.

This preamble is necessary to appreciate the corrective force now at work. There is not a great deal that anyone can do about existing urban blight in an age of constraint, affecting even Japan, other than to stop its spread and clean it up a bit: this is being done, as energetically as money permits.



Glyn Genin

Too many Japanese cities remain a visual mess

New towns do offer some hope: several big companies, including Toyota and Hitachi, have actually built them for their employees round manufacturing facilities. But the space is not easy to find in a country which, though one sixth larger than Italy, has more than twice the population, with 70 per cent of its land area effectively uninhabitable because it is too mountainous, and with national policy intent on preserving the agricultural sector.

But Japan, to belabour the obvious, is a country intent on coming to terms with the technological genius it has discovered by giving it a home commensurate to its needs and those of the country it is supposed to serve. Two years ago, the Ministry of Trade and Industry (MITI), in one of its blueprints for the 1980s, argued the case for transforming Japan from an urban trading economy into something approximating a technological society: one mechanism it advanced was the creation of technological cities (the technopolis concept), located handy to, but apart from, major existing conurbations.

The concept did not originate with MITI: indeed, the Ministry's initial goals were, by its own sometimes far-reaching standards, surprisingly modest, as it envisaged only about three such establishments. But the response from the 47 Japanese local governments—the prefectures—was overwhelming. No fewer than 19 applied for government help in setting up such cities: one of the currently most advanced, Tsukuba in Ibaraki prefecture, about 70 miles north of Tokyo, will even play host to a world science fair in 1985.

Certainly one of the most interesting projects, for a variety of reasons, is the Kibi Plateau Town technopolis in Okayama prefecture, 80 miles west of Osaka. The site is a still unspoilt, lovely farming area in the hills above the regional capital of Okayama City. Ironically, it is only about an hour's drive away, over country roads, from the undeniably spectacular, if gruesomely Dante-esque, product of the earlier Japanese industrial miracle—the Mizushima complex, where, 20 years ago, acres and acres of steel, petrochemical, aluminium and shipbuilding plant were unceremoniously and comprehensively plonked where a sleepy fishing village once stood on the shores of the Inland Sea.

Okayama prefecture, under its blunt, cheery three-term Governor, Mr Shiro Nagano, first conceived of a technological new town in the Kibi area back in 1974. Governor Nagano claims that Kibi will be the most diversified of the 19 under construction—it will not be narrowly focused on one high technology industry, such as integrated circuits, as some other "technopoles" will, but intends to draw from a broad cross-section, from electronics, to pharmaceuticals to what he sweepingly calls "life sciences." Hayashibara, the Okayama-based pioneer of interferon production, is the sort of company he has in mind and it has already agreed to set up a new facility in Kibi.

Ultimately, Kibi is designed to employ and house as many as 30,000, including, in a project unusual in Japan, several hundred mentally and physically handicapped people (one small VCR plant, a joint venture of Matsushita and local authorities a third of whose workforce is physically disabled, is already operating). Unlike many older Japanese cities, Kibi will be carefully zoned: even some of the present small farms will be preserved.

However, bringing Kibi to fruition requires more prosaic skills, such as prising funds out of a national government keen to help but burdened with deficit—and with 18 technopolis competitors beating a path to the same door.

The MITI guidelines require the prefectures to be actively involved in planning and drumming up investment. In practice, it is the prefecture which buys up the land, transfers title to the national government's regional development authority, and is reimbursed. Land buying for Kibi is now almost complete. Subsequently, either the prefecture or private commercial and residential investors buy property back from Tokyo.

Governor Nagano is frank in saying he wants as much money from the national government as possible, given the limits on Okayama's financial resources. The Y25bn (about $9m) extracted so far will probably have to increase at least 10-fold in the next five to 10 years, in assorted tax incentives, low interest loans and outright cash grants. And this assumes that the Government approves each stage of Kibi's master plan.

Obviously, 19 technopoles do not an urban policy make. But they do imply a degree of devolution in a country long content with strong centralised government and the exercise of centrally-directed patronage. As a result, the quality of local government in Japan is, not surprisingly, uneven, and often highly politicised. Not every prefecture houses a Shiro Nagano.

FINANCIAL TIMES

Tuesday April 26 1983

Paris in pact to aid Air France

By David Housego in Paris

AIR PASSENGERS booking through travel agencies in France are to be directed to fly Air France, the national carrier, as a result of an agreement between the Governmeot and the travel industry.

Foreign airlines yesterday attacked the measure as "a restraint of trade," in the words of a representative. It contraveoed the right of every carrier to "fair and equal opportunity," he said.

The travel industry agreed to promote Air France at the expense of foreign carriers in return for concessions from the government over the application of the foreign travel restrictions introduced in March as part of the austerity measures.

The agreement is seen as an attempt to spare Air France, which suffered substantial losses last year, from the worst consequences of the travel restrictions. It reflects the *increasing tendency towards* "discreet" protectionist measures in France to help diminish the still hefty trade deficit. The move would also benefit Union des Transportes Aérienoes (UTA), *France's second* international carrier.

Details of the agreement – which would have normally remained confidential – were leaked to a French professional travel magazine which has published the cooclusions of the accord reached between the Economy Ministry and the French travel industry.

This specifies that the French travel industry has agreed "in future to increase its use of French carriers." In the case of air transport, the *travel agents* have agreed that the bulk of their clieots be directed towards flying "under the Freoch flag" whether oo an individual or group trip.

The foreign airlines have protested to the French civil aviatioo authority. They believe that the travel industry will go along with the agreement and that Air France has considerable powers to put pressure oo them.

The Government had initially hoped to save some FFr 5bo ($680m) in foreign exchange as a result of the restrictions that limit each holidaymaker to spending FFr 2,000 in foreign exchange in a year. The concessions have substantially eroded that sum. They make it substantially easier for French people to travel abroad as part of a package tour.

Boeing lifts earnings to $90m

By Richard Lambert in New York

BOEING'S first-quarter net income jumped from $61m to $90m, but the U.S. aerospace manufacturer is still being squeezed by the financial problems of the world'a airline industry.

In the first three months of this year, it took orders for just six new commercial jet aircraft, worth $280m, compared with orders worth $725m for 23 aircraft in the corresponding period of 1982.

Profits in the latest period were boosted by a rise in commercial aircraft deliveries, from 40 to 63, and a continuing increase in the volume of work for the U.S. Government. Sales on this side rose by $122m to $812m, and Boeing said it expected that growth would continue through 1983 and into the foreseeable future.

Profits in the latest period were also helped by a fall in research and development expenses, as the group's heavy investment in new commercial aircraft passed the peak. Against that, interest receipts were down and interest expenses rose.

The firm orders backlog fell from just over $19bn at the end of 1982 to $18.7bn by the end of March. Overall revenues in the period amounted to $2.99bn compared with $2.1bn a year earlier. Boeing said it expected its total sales this year would be above $10.5bn.

Moscow oil prices are raised by 50 cents

BY RICHARD JOHNS IN LONDON

THE Soviet Union is raising the price of its Urals Blend export crude oil by 50 cents a barrel in a move that should further strengthen confidence in the market's stability.

Customers were told yesterday by Neftagazexport, the state oil agency, that the new level will be $28.50 for deliveries to North-West Europe and $28.60 to Mediterraoean destinations.

The increase falls well short of aligning Soviet rates with those of the North Sea producers, Mexico and members of the Organisation of Petroleum Exporting Countries (Opec). Eveo so, it will be welcomed by Opec, which is attempting to initiate formal contacts with the Soviet Union.

Dr Marc Nan Ngeuma, secretary-general of Opec, said at the weekend that the role of the Soviet Union was "crucial." Speaking on Finnish television, he expressed the hope that it would act "responsibly" in future because it was "in the interest of everyone to achieve a measure of co-ordination in oil marketing policies."

Oil markat recovery was maintained yesterday on the spot market where the rate for Brent, the North Sea reference, was up 12 cents and at $29.95 edged closer to the official selling price of $30. Nigerian Bonny Light recorded a significant increase of 52 cents, giving a mid-point of $30.10, and more than made up ground lost on Friday. Arabian Light slipped by 8 cents to $28.80 mid-point.

The new rate for Urals Blend 32 degree Api crude compares with an official selling rate of $29 a barrel for Arabian Light 34 degree Api, the Opec reference which is generally considered by refiners to be of comparable quality.

In addition to the 50 cent discrepancy between the two, Urals Blend also carries a further effective discount of 25 to 30 cents arising from the fact that Soviet rates include freight, traders say.

Nevertheless, the Soviet increase – following two cuts earlier this year – clearly indicates that Neftagazexport believes the market is firming. It could also betray concern about the stability of the market and the implications for the Soviet Union of any further erosion of prices or, worse, a collapse.

The Soviet Union has recently switched to selling oil on the spot market (which accounts for about two thirds of its exports) at official selling prices, having been offering substantial discounts in mid-March.

British Gas assets sale, Page 8

Sterling advances strongly as markets foresee June poll

BY JEREMY STONE IN LONDON

STERLING made sharp gains on the foreign exchange markets yesterday, helped by signs of a firmer trend in crude oil prices, hints that U.S. interest rates might slacken, and by a hardening of market opinion in favour of June as the date of Britain's general election.

Sterling's effective exchange rate, measured by the Bank of England's trade-weighted index against a basket of currencies, closed yesterday at 84.0 (1975 = 100). Oo that basis, the pound has risen by nearly 8 per cent since its low point a month ago, and stands higher than at any other time this year.

Sterling gained more than 2 cents against the dollar, to close in Londoo at $1.566, its highest since the third week of January.

That resulted in part from the dollars weakness, as a steeper *fall* than expected in the M1 measure of U.S. money supply led market operators to look for easier U.S. interest rates. The Southwest Bank of St Louis obliged by cutting its prime by half a point to 10 per cent yesterday and Eurodollar rates came down by around ¼ of a point.

However, the actions of the Soviet Union and Egypt in raising their crude-oil prices gave positive support to sterling, while traders *who had sold the currency* at around $1.56 last week were rushing to cover their positions. "People with short positions in sterling realise it is not working," said a dealer.

Buyers of sterling yesterday included the commodity traders of Chicago, who came into the market as the *pound went through a ceiling* on some charts.

"Sterling looks firm at this level," said one dealer in London yesterday, "but people might be reluctant to chase it further if it reached $1.58."

The pound also rose heavily at the expense of the D-Mark, gaining 4.25 pfennigs in London to close at DM 3.83.

Despite the Bundesbank's efforts to halt the rise of the dollar, and its recent tightening in money markets, achieved by currency repurchase agreements with the banks, the foreign exchange markets remain more attracted to the dollar than to the D-Mark. Currency operators *are largely sceptical* of the idea that the economic summit will result in concerted intervention to reduce the value of the dollar.

Reagan plans trade shakeup by axing Commerce Department

BY NANCY DUNNE IN WASHINGTON

PRESIDENT RONALD REAGAN has approved in principle a proposal to abolish the Commerce Department and replace it with a cabinet-level Department of International Trade.

The proposal, announced yesterday by Mr Malcolm Baldrige, the Commerce Secretary, is intended to produce a streamlined export promotion and trade policy. The proposal requires Congressional approval.

If it was obtained, the Commerce Department would be abolished and the administratioo of trade, scattered over several major cabinet-level departments, would be brought under one administrative department.

The move is designed to strengthen efforts to expand U.S. trade by offering a cohesive policy and at the same time to cool protectionist sentiment building up in Congress.

It comes when the Administration is seeking changes in the General Agreement oo *Tariffs* and Trade (Gatt) and fighting what it sees as growing foreign protectionism.

In consolidating all trade functions into one "super agency" the Administration hopes to reduce the duplication and confusion resulting from splintered jurisdictions.

Mr Baldrige said a decisioo has yet to be made on whether or not agricultural trade functions will be transferred to the new department.

An attempt to move responsibility for food exports from the Department of Agriculture could result in a bruising fight between legislatures on Capital Hill.

While Mr Baldrige and Mr William Brock, the trade representative, work well together, friction betweeo their staffs has reportedly complicated efforts to present a united administration position on trade policy.

Both men are likely candidates to head the new department. Mr Baldrige has been a strong proponent of the merger and is said to want the post.

Sen William V. Roth, chairman of the Senate government affairs committee, has been lobbying the Administration for support of a similar proposal to build "a new, lean mean Department of trade." His bill has already garnered about half a dozen co-sponsors and it is expected to pick up strength now that the President has backed the new department.

Thomson in VCR deal with JVC

Continued from Page 1

nents – accounting for about 40 per cent of the value of a VCR – are to be made at a new factory in France. Thomson said yesterday it had yet *to decide on a site* but that the overall investment would involve "several hundred million francs."

Thomson also said it plans to build a second facility in France to *assemble* VCRs at some later stage. Thomson already buys VCRs from JVC for sale on the French market. It also now assembles them through Telefunken, the AEG subsidiary Thomson recently acquired after the Grundig deal collapsed.

Originally, Thomson was also going to join the partnership with JVC but pulled out because it was dis*satisfied with its end of* the arrangement in the so-called "3-Ts" partnership. But by acquiring Telefunken, Thomson has in fact revived the old 3-Ts (Thomson-Thorn-Telefunken) concept.

By choosing to go the Japanese route, Thomson has also enabled *JVC to consolidate its position as* the world and European VCR market leader through its VHS standard. The VHS standard accounts for 70 per cent of both the world *and European market. Sony's* Betamax standard accounts for 25 per cent of the world market and 20 per cent of the European market. Trailing behind comes Philips, whose *V2000 standard* (also *manufactured* by Grundig) accounts for 5 per cent of tha world market and 10 per cent of the European market.

A Thorn official said yesterday *that the 3-Ts Newhaven plant* should be producing about 240,000 to 250,000 VCRs a year by midsummer, while Thomson said the Berlin facility is currently producing 200,000 VCRs a year but should reach eventually a capacity of 400,000 units a year. With Thomson's *own* assembly plant in France to be built later tha French group will reach its production target of 1m VCRs a year.

Thomson also emphasises that its *aim is to reach as soon as possible* the level of 75 per cent for the European *made* content of the VCRs.

The Thomson-JVC deal is also likely to make the French group less keen *to collaborate* in the development of the new generation of 8mm video tape equipment. A few weeks ago in Japan, the leading video makers, including the Japanese, Philips and Thomson, met to agree to develop a common standard for the next generation of 8mm equipment.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	18	64	Dubrovnik	S	18	64	Malaga	C	15	51	Salzburg	S	28	68
Akrotiri	F	21	70	Faro	F	17	63	Malta	S	21	70	Seoul	C	23	73
Algiers	S	22	72	Florence	F	21	70	Manila	S	35	95	Singapore	R	32	90
Amsterdam	C	12	54	Frankfurt	F	17	63	Miami	S	30	68	Stockholm	F	13	55
Athens	C	18	68	Funchal	C	17	63	Milan	C	17	63	Strasbourg	C	15	59
Bahrain	S	31	88	Geneva	C	12	54	Moscow	F	21	78	Sydney	C	22	73
Bangkok	S	35	95	Gibraltar	F	11	83	Munich	S	15	84	Tangier	C	21	88
Barcelona	S	18	64	Guernsey	F	9	48	Nairobi	C	23	73	[illegible]	C	11	63
Beirut	S	20	68	Helsinki	S	18	64	Naples	S	20	88	Tehran		—	—
[illegible]	[illegible]	[illegible]	[illegible]	H. Kong	S	29	84	New Delhi	S	36	97	Tel Aviv	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11	83	New York	R	14	57	[illegible]	S	22	72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9	48	Nice	F	16	61	Tokyo	S	27	81
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15	59	Oporto	C	13	55	Toronto	F	14	57
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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13	55	Rome	S	20	68	Zurich	F	17	63
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Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17	63								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

China $2bn loan talks

Continued from Page 1

year when most of the work on the principal projects involved is expected to be completed.

These projects are the first stage of the Baoshan steelworks, near Shanghai, and *a petrochemical project* at Daqing.

The initial package, representing about Y300bn ($1.27bn) is believed to have comprised a Y130bn commodity loan to pay for Japanese goods, a Japan Import-Export Bank credit of Y100bn to suppliers of equipmeot to Baoshan and Daqing, and a Y70bn syndicated loan to the two projects by Japanese commercial banks.

Mr Yao did not say how the new package might be made up.

He said both sides had been pleased with the handling of the first agreement and it had been agreed to increase the amount of the second package to speed implementation of the new five-year plan, announced last December.

Mr Yao added that negotiations were also proceeding with Japan on reciprocal agreements on tax immunity and investment protection, which China is also discussing with other countries.

The draft loans agreement and the other agreements would be signed in autumn.

Interest on U.S. loan aids Ford UK

By Kenneth Gooding in London

INTEREST on £961m ($1.47bn) of loans made to the U.S. parent provided the main prop last year for Ford of Britain's profits, which fell from £220m to £194m at the pre-tax level.

However, a major increase in capital investment cut Ford's tax bill substantially from £55m to only £2m so that the company's net profit for 1982 actually rose by 16 per cent, from £165m to £192m.

Ford was still fighting but its position was very precarious Mr Sam Toy, the chairman, said in his message to employees.

"We are now in the position of a man who has fallen off a cliff but has managed to catch hold of a tree on the way down. We can be pleased with the way we are hanging on and are managing to survive – but we cannot afford to relax a single muscle," he stated.

Mr Toy said there was some cause for optimism. Vehicle markets were starting to pick up at last and "there have been tremendous strides in improving the quality of our products – and some response to the need for more efficiency to bring us closer to the level of productivity of our foreign competitors."

But in his annual report Mr Toy blames the failure of the UK assembly plants to meet scheduled production for Ford's seriously worsening balance-of-trade position.

Ford's exports from Britain, at £894m, were £265m below the cost of its imports. In 1981 the company had an adverse trade balance of £164m, but the only previous year in which it had a deficit was £20m in 1979.

Mr Toy said the slowing of UK inflation and depreciation of sterling in recent months should enable the company to strengthen its export position in the immediate future. The recent increase of Fiesta car production at the Dagenham plant, cutting the need for Spanish imports, should also have a beneficial balance-of-trade effect.

Mr Stanley Thomson, the finance director, suggested yesterday that it would not be long "before Ford of Britain finds itself in the position of earning more of its annual profit from investing its money than from *producing and selling vehicles and* parts."

"In 1978 only 10 per cent of our profit of £242m was from interest. Last year it was 44 per cent of £194m."

The accounts show that Ford of Britain once again last year was used as a "cash box" by the troubletorn U.S. parent, which in 1982 incurred net losses of $657.8m after deficits of $1bn the previous year and $1.54bn in 1980.

At the year-end, Ford of Britain had loaned Ford U.S. £961m compared with the short-tech loans of £656m outstanding in December 1981.

For the first time, a medium-term loan was included last year, one of £574m repayable by January 28, 1987.

As a result, the U.S. parent contributed about £80m towards Ford UK's profit in the form of loan interest. The British company's net interest income last year was £91m, up slightly from £90m in 1981.

However, Ford UK has not paid *any dividends since the £135m for* 1979, and only five times in the past 12 years have dividends been paid.

Ford of Britain's capital expenditure reached a record £398m last year, *up from £280m, the single* biggest project being the Sierra introduction at the Dagenham plant.

UK to push ahead with own satellite

Continued from Page 1

both the UK Department of Industry and the British Radio and Electronics Equipment Manufacturers Association (BREMA), said yesterday: "The equipment has got to be on the shelves by January 1986 to provide tha services due to start in September. We have just got time to do it if we don't muck about any more."

Mr Rogers, who was also a member of the advisory panel on DBS, chaired by Sir Anthony Part, said he would strongly advise tha Government to push ahead with the British system, which could in time become the de facto standard for most of Europe.

Britain had held back for more than four months, and jeopardised its timetable in the hope of a European agreement, he said.

A working party linking broad*casters, industry and government* decided in January that Britain would go ahead with the C-MAC system even if it did not receive the full backing of the Europeans.

The Part Committee decided to favour of the IBA's C-MAC system

THE LEX COLUMN

B of A plunges into Seafirst

U.S. banks still need a good story for the regulators if they want to win approval for an interstate acquisition and the parlous state of Seafirst Corporation has given BankAmerica Corporation a pretext better than most.

The Washingtoo State banking group's disastrous energy portfolio has led in the first quarter to bad debt provisions of $134.5m and a bone crunching net loss of $133m. Even more worrying, there have been warnings from the auditors of more unpleasant surprises to come.

The risk of an appreciabla worsening of the situation is not being shouldered by BankAmerica alone. The terms of the proposed $247m take-over would allow for the preferred stock portioo of the payment consideration to provide a $115m cushion at the shareholders' expense in certain circumstances.

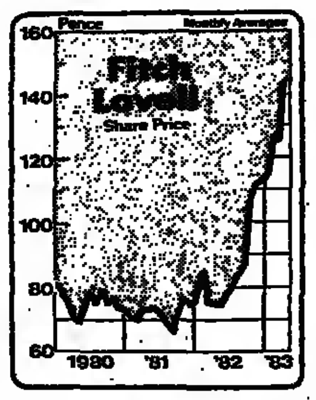
Nevertheless, it looks a bold step by BankAmerica which already has non-performing loans of $3bn. The *take-over will lift this* to the equivalent of 4.7 per cent of the aggregate loan portfolio, almost double the average for money centre banks.

The reward, however, could be substantial. BankAmerica is offering cash and preferred stock worth $15.20 for each Seafirst share. With Seafirst's much depleted book valua still about $20 a share, the deal ought to turn some UK clearing banks green with envy if BankAmerica manages with $160m new capital to rebuild the confidence of Washington's largest bank.

BankAmerica's expansion into Washington State, besides taking its profile in the Western states nearer to that of its rival First Interstate Bancorp, should mark a significant step for the whole U.S. industry in its gradual encroachment of the regulations against interstate banking.

Hammerson

It has taken precisely *as many years for Hammerson's full* property valuation to emerge as the diaries of a certain German politician. And the worth of the exercise may find itself the butt of criticism, since the company, formed in 1931, has taken full advantage of the SSAP 19 provision requiring the revaluation to be undertaken by outsiders only every five years. For what it may be worth, therefore, the internal estimate emerges with a net asset value of 977p a share, rather higher than most analysts had expected.



The revaluation was mainly responsible for tha jump in tha share price – the "A"a rose 35p to 725p yesterday. But the profit figure may be more revealing, with a 35 per cent increase at the pre-tax line to £20.4m. This has been flattered to some extent by an extra £1.1m of dealing profits, benefits from currency translation, a lower level of interest rates and a full year'a use of the rights issue cash. Nevertheless, a key part of the improvement derives from a build-up in rent reviews.

The gains on this front have been boosted by the company's very aggressive policy of buying in *minority* stakes – a policy that has raised it to the No 2 property slot in terms of market capitalisation. The process has now been virtually completed, with only one minority – in Australia – outstanding. The rent review programme slows this year, while the lower level of interest rates will allow the company to hold on to its developments, rather than dispose of them. So profits growth is set to slacken. Meanwhile, with little more in the way of marriage values to chase, Hammerson is stuck with the problem of where to find future growth.

Ford UK

The sharp drop in Ford UK's operating margins in the year to December – down from 4.2 to 3.3 per cent – left the board with plenty to gripe about. But the group has still been able to extend yet another helping hand to its limping parent across the Atlantic. Notes payable from Ford U.S. have riseo by £305m to not far short of £1bn, with £574m tied up in a new deep discount note due to run to January 1987. The loan followed and partly replaced a three-month promissory note financing developed in 1981.

It says a great deal for Ford's *ability to generate cash that it* has been able simultaneously to play banker and industrialist without leaving its balance sheet under pressure. Last year, capital spend*ing rose from £280m* to £398m *and* was financed almost entirely from earnings plus depreciation. The tax bill, correspondingly dropped nearly to zero. At the same time, the *inter-group loans were comfortably* financed by a further reduction in Ford'a cash balances, which over the past two years have fallen from a towering £512m to a still respectable £81m.

This year, if it can manage to supply some of the extra market available in the UK from its home-based plants – imports from its European plants rose in 1982 – it should be looking to a significant boost to profits. It has recently pushed through the first price increase since November 1981.

Fitch Lovell

The appreciation of Fitch Lovell'a share price since Linfood launched its unwelcome bid last September testifies to the company's success in laying the groundwork for a proper trading defence in the event of renewed hostilities. Yet, with the Moonpolies Commission apparently poised to show Linfood a green light, Fitch seems to have lost its nerve. An eleventh hour proposal to sell *Key Markets* to Safeway for £35m is clearly designed to deprive Linfood of the business it has been seeking all along.

Having said that, Fitch has secured a decent price (roughly twice reported net worth) and, if pressed, could justify the disposal on strategic grounds. It does not have the necessary resources to devote to a food retailer competing with the likes of Sainsbury, if it is to keep the capital employed in its manufacturing divisions up to scratch.

Moreover, Fitch's presence in the high street leaves its manufactured food brands vulnerable to a buyers' strike by competing retailers. But Fitch has left this move very late. It will not be able to call the oecessary extraordinary general meeting before the Monopolies Commission vedict is revealed and, by that time, Linfood may have a range of obstructive and diversionary options opeo to it. It might even make a cash offer for Key Markets at a higher price.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday April 26 1983

Merrill Lynch sees profits rise fourfold

By William Hall in New York

MERRILL LYNCH, the biggest U.S. securities group, increased its net earnings in the first quarter of 1983 from $30m a year ago to $127m, and announced that it was increasing its quarterly dividend by 11 per cent.

Primary earnings per share in the first quarter of 1983 totalled $3.07, compared with 78 cents a share in the comparable period of last year. The latest quarter was the best in Merrill's history after the record fourth quarter of last year, when the company earned $3.45 a share.

Merrill Lynch announced yesterday a two-for-one split of its common stock in the form of a stock dividend payable on June 27. This is the first stock split since Merrill became a public company 12 years ago. Merrill's quarterly dividend has also been increased to 40 cents a share on present (pre-split) shares. This is the second increase in Merrill's dividend in the past six months, and the fifth in the past five years.

Mr Roger Birk, chairman of Merrill Lynch, said yesterday: "While the strong stock market and record trading volume helped us achieve these records, it is once again a case of broad-based strength generated by the many different services and products we offer our customers."

Commission revenues in the latest quarter rose 93 per cent to $411m and principal transaction revenues rose 89 per cent to $221m. Investment banking revenues rose 114 per cent to $188m.

William Hall in New York looks at BankAmerica's $400m rescue bid

How Seafirst Corporation swiftly fell from grace

BANKAMERICA'S $400m rescue of Seafirst Corporation, the Seattle-based banking group which ran into serious difficulties in energy lending, demonstrates the speed with which a fine bank with a distinguished record can fall from grace.

Until last July, Seafirst had a reputation as one of the best managed regional banks, which was growing quickly outside its traditional markets in the Pacific northwest where it already had banking relationships with two out of three households in the state of Washington. Under the leadership of Mr William Jenkins, who had run the bank for the past 20 years, it had notched up an impressive growth record. Dividends and earnings had grown every year during Mr Jenkins' time at the top and assets had grown ninefold to some $11bn. Then disaster struck.

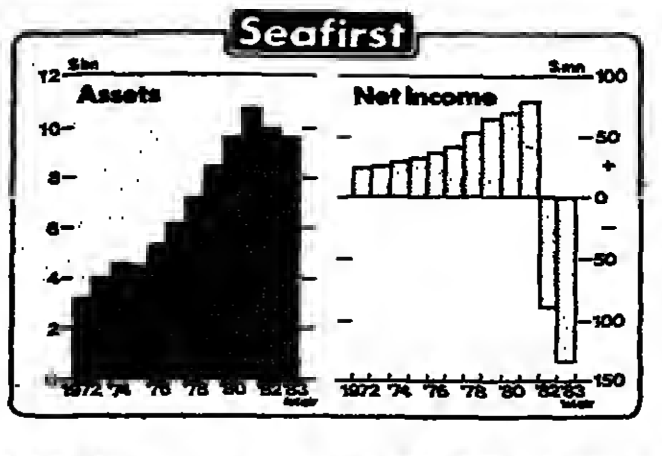
The first news of Seafirst's problems came last July when the group issued a terse statement following the closure of Penn Square Bank of Oklahoma City. It said that as a result of its participation in Penn Square loans, it expected a large increase in loan losses.

A week later it issued its second-quarter results, which showed a net loss of $56.2m, and it announced that it had set up $125m provisions to cover estimated future losses on loan participations from Penn Square. Seafirst, which had only been in energy lending in a big way for two years, had bought some $400m of loans from Penn Square and these loans made up the biggest single segment of its $1bn energy loans portfolio.

At the time, few people fully appreciated the scale of Seafirst's problems. Mr Jenkins described the Penn Square involvement as a "body blow that slows you down a little." By the third quarter of last year, Seafirst was back in the black, and even when it set aside an extra $45m for its Penn Square and other energy-related lending the assumption was that Seafirst would weather its problems, albeit with a badly battered reputation.

Just before Christmas, Mr Richard Cooley, the 59-year-old head of Wells Fargo, the third biggest banking group on the west coast, announced that he was quitting to take the top job at Seafirst, replacing Mr Jenkins, who had already announced his intention to retire.

The arrival of Mr Cooley at Seafirst, plus some other Wells Fargo executives, coincided with a major reshuffle of Seafirst's senior management team.



"There had clearly been an unprecedented breakdown in the credit review procedures at a bank that was eager for growth" was how one banker summed up the problems facing Mr Cooley and his new executive team. Another banker describes Seafirst as "a bank hungry for growth and intoxicated with its past success."

Mr Cooley's first act was to put Mr Glenhall Taylor, one of his men from Wells Fargo, into the key credit decision-making committee as chairman. He also brought in Arthur Andersen, the accountants, to review the group's loan portfolio independently. Finally, he put together a $1.5bn standby agreement with more than a dozen U.S. banks which was designed to bolster confidence in Seafirst in case it ran into funding difficulties.

Seafirst's problems started when it moved out of its traditional north western markets and began hunting for lending business in the oil patch. Mr Cooley began to redirect the bank back to its traditional markets and emphasised its regional strengths.

For a while, it looked as if Mr Cooley's efforts to clean up Seafirst's energy lending portfolio and maintain its independence, albeit on a shorter leash than before, was beginning to work. It soon became obvious that Seafirst would need some extra capital to boost its net worth, which had shrunk as a result of the loan losses. Mr Cooley hired Salomon Brothers to help the bank find the $200m it wanted. But even as recently as last week it still believed that it could raise the money while retaining its independence.

However, last Friday afternoon, Seafirst directors went into a special meeting to review the first-quarter results, which showed a loss of $133m – more than double what the market had been expecting – and further heavy losses on its energy loans plus a growth in non-performing loans to around 12 per cent of the loan portfolio.

The scale of the losses and their impact on Seafirst's capital base were such that there was a very real fear that release of the figures might precipitate a run on the bank. Consequently late on Saturday evening Seafirst announced that it had agreed to merge with BankAmerica.

Seafirst had lost its battle to stay independent.

Both sides were trying to put a brave face on the affair over the weekend. Mr Sam Armacost, chief executive of BankAmerica, said: "It is difficult to imagine two organisations with a better combination of franchises or whose operations and values are more compatible and mutually reinforcing."

Mr Armacost says that he is confident that Seafirst's problems are manageable. "Giveo the size of the charge-offs already made, we believe the downside risk is containable and that the strengths we can bring to the table will permit the company to rise over its present problems and really work on achieving its full potential," he says.

But despite the brave words and BankAmerica's promise that it intends to keep Seafirst as an independent bank with its own management and board of directors, there can be no disguising the fact that Seafirst has been rescued because of the excesses of its energy lending activities. It also demonstrates the ease with which once powerful U.S. banks can be toppled from grace.

Earnings jump at Sears Roebuck

By Richard Lambert in New York

SEARS ROEBUCK, the giant merchandising and financial services group, reported a sharp jump in first quarter profits. Nearly all sides of the business contributed to the increase. The group said it expected revenues would continue to strengthen over the rest of the year, although net income was unlikely to rise at the same rate as in the first quarter.

Sales in the first three months rose from $6.44bn to $6.9bn and net income jumped from $71.4m, or 20 ceots a share, to $164.6m, or 47 cents a share.

Revenue on the merchandise side rose from $4.26bn to $4.39bn. This business swung from a loss of $23.2m to a profit of $16.2m.

The group attributed most of the gain to lower interest rates and tight cost controls.

fncome from the Allstate Insurance group rose from $116.1m to $135.7m, while Dean Witter Financial Services reported a profit of $40.2m compared with a loss of $7m a year earlier.

Sears said this was largely a reflection of the improved investment climate. The group's savings and loan association reported its first profit since 1980.

Sears also reported a profit of $3.3m on its real estate side, compared with a loss of $2m in the same period of 1982, thanks in part to the sale of a share in two shopping centres. But Sears World Trade, the group's newly established international trading company, reported start up losses of $1.3m.

● Sears Roebuck, is selling its loss-making chain of department stores in Brazil to a consortium made up of a Brazilian company and Vendex International, the major Dutch retailing concern, writes Andrew Whitley from Rio de Janeiro.

The sale price of between $40m and $50m will be finalised in the coming months.

Eaton decline

EATON Corporation, which this year radically reshaped its fork-lift truck and motor component interests, reported that first quarter income from continuing operations fell from $20.7m to $8.3m.

The figures, however, were much better than in the final quarter of 1982, when the group was heavily in the red.

Downstream side hits Standard Oil Indiana in quarter

BY WILLIAM HALL IN NEW YORK

STANDARD OIL COMPANY Indiana, the fourth biggest U.S. oil company and the first to report first quarter results, said its net income fell by 15 per cent to $380m in the first three months of 1983.

Earnings per share in the latest period totalled $1.36 against $1.60 a year ago. Group revenues rose by 4 per cent to $7.5bn.

Mr John E. Swearingen, the group's chairman and chief executive, says that "the earnings decline was largely attributable to poorer results for U.S. refining, marketing and transportation operations which have suffered from severely depressed margins as a result of competitive gasoline market conditions." However, margins strengthened somewhat towards the end of the first quarter.

Standard Oil Indiana is the fourth biggest refiner in the U.S. and markets over 5 per cent of petroleum products sold in the U.S. It is also the second biggest natural gas producer.

The group says that its refining, marketing and transportation operations lost $58m in the first quarter against a profit of $13m a year ago. First-quarter earnings were also affected by lower crude oil prices, but these were substantially offset by reduced crude oil excise tax payments in the U.S. and higher foreign production volumes.

The group's worldwide capital spending and exploration spending fell by 37 per cent in the first quarter to $687m.

Union Oil falls 24%

By Our New York Staff

FIRST QUARTER net income of Union Oil, the Los Angeles-based petroleum company, fell by 24 per cent to $128.3m. Earnings per share fell 23 cents to 74 cents in the first quarter.

The company blamed its lower earnings on a reduction in profits on refining and marketing operations, a drop in natural gas sales and a fall in prices and volumes in its chemicals business. Total revenues fell marginally to $2.47bn in the first quarter.

Flat orders leave Digital down $28m

BY OUR NEW YORK STAFF

THIRD QUARTER net income of Digital Equipment Corporation, which claims to be the world's second largest computer manufacturer, fell from $107.5m to $79.8m. The company blamed the setback on lower than anticipated equipment sales, price reductions and higher research and engineering expenses.

Digital said "the uncertain status of an economic recovery both in the U.S. and overseas "as still a major concern." Customer orders had remained flat in the latest period, and start-up delays on a number of new products had kept product shipments below expected levels.

Revenues in the latest three months were marginally ahead at $1.1bn. Net income after nine months is down from $295.4m, or $5.33 a share, to $197.6m, or $3.50 a share. Operating revenues so far this year amount to just over $3bn compared with $2.8bn in the first nine months of 1982.

Coca-Cola advances

BY OUR FINANCIAL STAFF

COCA-COLA, the world's biggest soft drinks maker, lifted first-quarter net earnings from $107.6m or 87 cents a share to $122.1m or 90 cents. Revenues rose from $1.27bn to $1.52bn.

The company said the increase, along with its strategy for soft drinks growth, would enable it "to continue to achieve excellent results in the latter half of 1983 and beyond."

Shipments of the Coca-Cola USA division's syrup and concentrate rose 8 per cent. The profits performance at the foods division was strong, but Wine Spectrum profits suffered from price competition with domestic producers and imported wines.

Earnings at Columbia Pictures Industries contributed significantly to total first-quarter profits.

SmithKline ahead 10%

BY OUR NEW YORK STAFF

NET income of SmithKline Beckman, the U.S. pharmaceutical group, rose 10 per cent to $124.8m in the first three months of 1983. Sales rose by nearly 8 per cent to $750m, and the increase would have been sharper but for the strength of the dollar, which held down growth on the international side.

In ethical pharmaceuticals, the group's two big sellers – Tagamet and Ancef – recorded "solid" advances, mainly in the U.S.

"Internationally, Tagamet is achieving notable success in Japan," the group added.

Net earnings per share for the quarter rose from $1.37 to $1.50.

AEG-Kabel announces healthy results

By John Davies in Frankfurt

AEG-KABEL, the sturdy cable-making subsidiary of the West German electrical group, AEG-Telefunken, has reported further healthy results.

Despite recessionary weakness in markets, sales revenue was stable at DM 1.072bn ($440m) and net earnings after tax rose 17.5 per cent to DM 14.4m.

A dividend of 15 per cent is proposed, compared with a combination of a 14 per cent dividend and 2 per cent bonus last year.

Herr Walter Birkhan, the chief executive, said that the company had benefited from structural improvements and energy-saving measures.

The overall volume of cable sales increased, with electricity and telecommunications cable business making gains, while there was a decline in business for high-power transmission wires and winding wires.

Investment was boosted by 35 per cent to DM 24.4m

Hertie move to restructure Bilka shops

By Our Frankfurt Correspondent

HERTIE, West Germany's third biggest retail stores group, is casting a critical eye on its "problem child" – its slightly down-market Bilka shops, which have been making losses for the past 10 years.

The group has declared that it is determined to restore profitability at Bilka, whose 3,900 employees turned in sales revenue of DM 513m ($210m) at 37 stores last year.

Hertie said that high overhead costs were the main reason for Bilka's losses. There was a need for some restructuring and closer cooperation with the main Hertie concern, notably in administration and purchasing.

The Hertie parent company itself has been wrestling with serious problems, but almost halved its operating losses last year and expects to break even this year. Exact results have not yet been published.

It has also embarked on store modernisation, with an emphasis on quality and design.

CONTRACTS AND TENDERS

Nedbank Group Limited

Interim Report and Dividend Announcement for the six months ended 31 March, 1983

Interim Report

The unaudited net operating income after provision for taxatioo and after transfers to internal reserves amounts to R44,5 million which represents an increase of 36% over the same period last year.

General

The South African economy continued to slow during the half-year under review. As consumer spending and fixed investment declined, and the process of destocking in commerce and industry got under way, the demand for credit weakened noticeably. While the import bill fell, gold revenue improved and the balance of payments staged an excellent turnaround. The resulting rise in the gold and foreign exchange reserves, combined with the weak demand for credit and capital, led to a sharp fall in interest rates.

As government finances were exerting a contractionary influence on the money supply, the economic downswing was well entrenched, and the balance of payments had improved substantially, the monetary authorities chose not to counteract the decline in interest rates.

The move towards more market-related economic policies was advanced considerably by the abolition of exchange controls over non-residents. The financial markets coped well with the immediate transition, but are expected to be more volatile in future.

While 1983 will still be a difficult year for the economy with the drought accentuating the position, the preconditions for the next economic upswing are being put in place. The Nedbank Group, with its substantial capital surplus, is in e strong position to play its role in the next growth phase. Our assessment of the economy and trends in interest rates make us confident that the rate of growth of earnings reflected in this statement will be maintained in the second half of the financial year.

For and on behalf of the board
Dr. F. J. C. Cronjé, Chairman
G. S. Muller, *Chief Executive and Deputy Chairman*

Dividend Announcement

An interim dividend in respect of the year ending 30 September, 1983 of 17,5 cents (1982-13 cents) per share has been declared payable to shareholders registered in the books of the company at the close of business on 6 May, 1983. The transfer books and register of members will be closed on 7 May, 1983 and will reopen on 16 May, 1983. Dividend cheques will be posted on or about 2 June, 1983. Non-resident shareholders' tax will be deducted where applicable.

D. A. Peterson
Secretary

Consolidated Income Statement

	6 months to 31.3.83 000's	12 months to 30.9.82 000's	6 months to 31.3.82 000's	12 months to 30.9.81 000's
Operating income after transfers to internal reserves	66 282	122 399	48 924	110 593
Less: Taxation	21 718	33 687	16 030	33 681
Taxed banking and other income after transfers to internal reserves	44 564	88 712	32 894	76 912
Less: Outside shareholders' share of income of subsidiaries	80	124	84	528
Operating income attributable to shareholders of Nedbank Group Limited	R44 484	R88 588	R32 810	R76 384
Surplus on disposal of long-term investments	—	R1 540	R115	R21 878

Notes
1. The figures included in the interim report are unaudited.
2. The above is an abbreviation of the consolidated income statement of the Group.

Salient Financial Information

	6 months to 31.3.83 000's	6 months to 31.3.82 000's	12 months to 30.9.82 000's	12 months to 30.9.81 000's
Issued fully paid shares of R1 each	88 598	88 407	88 417	88 361
Group shareholders' funds	R421 992	R362 390	R388 943	R339 345
Pre-tax income	R66 282	R48 924	R122 399	R110 593
Taxed income available to Nedbank Group shareholders	R44 484	R32 810	R88 588	R76 384
Earnings per share	50,2c	37,1c	100,2c	86,4c
Dividends per share	17,5c	13,0c	50,0c	43,0c
Total assets	R9 086 466	R6 957 332	R8 137 047	R5 495 409
Credit facilities to the public	R4 179 414	R3 168 565	R3 716 549	R2 513 687
Deposits from public and other accounts	R6 885 320	R5 165 054	R6 055 519	R4 030 929
Surplus capital funds	R96 000	R140 000	R110 000	R132 000

Note
In calculating the earnings and dividends per share no account has been taken of 1 679 001 partly paid shares of R1 each, issued in terms of the executive share trust scheme.

Nedbank Group Limited is a banking and financial services holding company listed on The Johannesburg Stock Exchange. It is South African owned, controlled and managed, with 99 per cent of its capital in South African hands.

The group's operating companies cover the whole spectrum of financial services – from the needs of the individual to those of the larger corporate client.

The companies maintain strong international profiles with overseas branches, associated companies and a vast network of correspondent banks in other countries.

Jeremy Sampson 4417

INTL. COMPANIES and FINANCE

Swraj Paul's recent share purchases have prompted takeover fears

Indians resist expatriate predator

BY JOHN ELLIOTT IN LONDON AND K. K. SHARMA IN NEW DELHI

A MAJOR ROW has broken out in New Delhi over shareholdings bought in two prominent Indian companies by an Indian-born businessman resident in London.

The businessman, Mr Swraj Paul, is a close confidante of Mrs Indira Gandhi, the Indian Prime Minister. His investments are in line with the Indian government's industrial liberalisation policies, which include the encouragement of investments from Indians living abroad.

During the past three months, Mr Paul has acquired significant holdings in two important Delhi-based companies, Escorts and Delhi Cloth and General Mills. Existing family owners of the companies fear that Mr Paul's new holdings exceed the size of their own relatively small stakes of 5 per cent or so. They also fear that Mr Paul may use his influence to gain Government approval for taking the companies over.

Mr Pranab Mukherjee, the Indian Finance Minister, has said that the Government is closely watching the purchase of shares in Indian companies by expatriate Indians and would take appropriate action to safeguard the interests of the present owners and managers.

Share prices of the two companies into which Mr Paul has bought have more than doubled because of his purchases, which have convulsed the Delhi stock exchange.

Indian industrialists have met the Finance Minister to voice their fears of takeovers by expatriates. The Minister is expected to make a statement to Parliament this week on the Government's attitude. It will be watched with considerable interest, since he will be pressed to define the attitude of the government-owned financial institutions which own large amounts of equity of the two companies and in many others that could face a similar situation.

The institutions have voting rights that could be crucial in any bid to topple the existing boards of the firms, but these would be used only on a direction from the Government, which has undertaken to ensure that managements of well-run companies are not threatened.

Speaking in London over the weekend, Mr Paul denied that he enjoyed any special influence. "I do not mix politics and business and I have never gone to a politician with a business proposition."

The Indian industrialists' reaction has, however, increased Mr Paul's interest in making use of his new shareholdings in two ways:

"First, I want to shake up the corporate setup in India, where it seems that it is possible for chairmen who originate from business-owning families to continue to think of themselves as owners, even when they have thinned out their holdings to minor proportions.

"The government should make sure directors are responsible to all shareholders and should bring disclosure laws into line with Western international practice. And the companies should move away from a feudal style of management.

"That I want to do for the good of India. Secondly, the businessman in me means that I would certainly like to have a management voice in the companies so that the managerial job is done better for the benefit of all the shareholders."

Mr Paul controls the Caparo group, an engineering, steel stockholding, industrial services and property conglomerate which has spent some £13m ($20m) on recent acquisitions in the UK.

Caparo's only major Indian interest is a 74 per cent stake in three companies which own 16 tea estates in Assam.

But there are strong family ties with Mr Paul's old family company in his native Calcutta, Apeejay Surrendra.

While Mr Paul insists there are no financial shareholding links between Caparo and Apeejay, the family as a whole runs the companies and Mr Paul agrees he might involve his brothers who control Apeejay in his new Indian acquisitions.

His shareholdings in DCM, an old textile company which is diversifying widely into electronics and engineering, and in Escorts, a well known automotive and engineering company, stem from a new Indian law passed last year. This was aimed at attracting investments from Indians living abroad.

Mr Paul is a well known figure in international Indian circles, not least because of his links with Mrs Gandhi—he played a prominent role in organising and funding last year's UK Festival of India. He says that, as a result, he was asked by leading figures in Delhi—not Mrs Gandhi—to make some token investments to act as a catalyst.

Deficit at Balco lower than expected

BY MARY FRINGS IN BAHRAIN

LOSSES at Balco, the Bahrain-Saudi aluminium marketing company, were not as heavy as the US$30m forecast for 1982, despite a $16.4m deficit in the first half.

The company ended the year to be $25.5m in the red, after provisions for a potential loss on inventory valuation of $7.6m, and interest on overdrafts to finance the stockpile of $6.9m.

Over the previous five years, Balco achieved aggregate trading profits of some $100m, although the restructuring of the company to accommodate a 26 per cent Saudi shareholding makes it difficult to calculate an exact figure.

The volume of sales increased last year by 90 per cent over 1981, when Balco reported a net profit of $6.2m, but revenue at $189m was up only 40 per cent as a result of low prices.

The stockpile remained at much the same level throughout the year, with over 60,000 tonnes of uncommitted metal awaiting an upturn.

Mr Faisal Ali Mirza, general manager of Balco, is confident of a return to profitability in 1983, with metal prices up more than 30 per cent since the beginning of the year.

The Alba smelter is doubling its billet capacity to 60,000 tonnes a year, and there are modest prospects in the powder market.

Kuala Lumpur rejects UK firm's broking licence bid

BY WONG SULONG IN KUALA LUMPUR

AN ATTEMPT by Laurence Prust, the UK securities investment firm, to secure a broking licence to operate on the Kuala Lumpur Stock Exchange (KLSE) has been thwarted.

At an extraordinary meeting in Kuala Lumpur over the weekend, members of the stock exchange voted almost unanimously to bar foreign firms and individuals from becoming members of the exchange even if the foreign parties were coming in as minority partners.

The Laurence Prust move is seen as a test case as several broking houses from the UK, Singapore and Hong Kong, are believed to be keen in getting a seat on the KLSE.

EAC Malaysia sells HQ

BY OUR KUALA LUMPUR CORRESPONDENT

EAST ASIATIC Company of Malaysia, the subsidiary of EAC Denmark, is to sell a prime piece of property in Kuala Lumpur for 20.1m ringgit (U.S.$8.8m), giving it a net capital gain of 14m ringgit.

The property, which currently houses EAC's Malaysian headquarters, is being sold to United Secretaries Sdn. Berhad, which intends to redevelop the land

NORTH AMERICAN QUARTERLY RESULTS

ADOLPH COORS

First quarter	1983 $	1982 $
Revenue	226m	187.9m
Net profits	17.8m	4.6m
Net per share	0.61	0.13

AIR PRODUCTS & CHEMICALS

Second quarter	1982-83 $	1981-82 $
Revenue	413.9m	399m
Net profits	24.5m	29.3m
Net per share	0.79	1.03
Six months		
Revenue	802m	772.6m
Net profits	52.5m	63.8m
Net per share	1.73	2.24

AMDAHL

First Quarter	1983 $	1982 $
Revenue	171.5m	190.7m
Op. Net Profits	4.9m	2.5m
Op. Net per share	0.23	0.12

AMR

First quarter	1983 $	1982 $
Revenue	1.04bn	958.9m
Net profits	†28m	†41.8m
Net per share	†0.88	†1.55

† Loss

BLACK AND DECKER

Second quarter	1982-83 $	1981-82 $
Revenue	301.6m	310.8m
Net profits	13.1m	12.5m
Net per share	0.31	0.30
Six months		
Revenue	600.5m	637m
Net profits	27.6m	27.7m
Net per share	0.65	0.66

More results on Page 34

BRISTOL-MYERS

First quarter	1983 $	1982 $
Revenue	993m	883.7m
Net profits	92m	79.1m
Net per share	1.36	1.18

BURLINGTON INDUSTRIES

Second quarter	1982-83 $	1981-82 $
Revenue	737.9m	736.1m
Net profits	19.9m	14.1m
Net per share	0.70	0.50
Six months		
Revenue	1.38bn	1.48bn
Net profits	25.5m	31.6m
Net per share	0.90	1.12

CENTEL

First quarter	1983 $	1982 $
Revenue	284.6m	286.8m
Net profits	26.5m	25.2m
Net per share	0.97	0.93

CENTRAL & SOUTH WEST

First quarter	1983 $	1982 $
Revenue	565.4m	471.2m
Net profits	54.7m	44.2m
Net per share	0.55	0.46

CLUETT PEABODY

First quarter	1983 $	1982 $
Revenue	190.8m	184.7m
Net profits	5.35m	5.13m
Net per share	0.60	0.58

COMBUSTION ENGINEERING

First quarter	1983 $	1982 $
Revenue	887.3m	857.2m
Net profits	21.9m	65.4m
Net per share	0.66	1.68

CONTINENTAL

First quarter	1983 $	1982 $
Consolidated net inv inc	122m	128m
Net profits after capital transactions	28.7m	35.9m
Net per share	0.54	0.70

COOPER INDUSTRIES

First quarter	1983 $	1982 $
Revenue	452.7m	757.8m
Net profits	10.5m	60.9m
Net per share	0.15	1.30

COX COMMUNICATIONS

First quarter	1983 $	1982 $
Revenue	133.7m	108.9m
Net profits	13.5m	13.3m
Net per share	0.47	0.47

EMHART

First quarter	1983 $	1982 $
Revenue	420.7m	449m
Net profits	18.2m	20.1m
Net per share	1.46	1.66

FOREMOST-McKESSON

Fourth quarter	1982-83 $	1981-82 $
Revenue	1.03bn	958.5m
Op. Net profits	16.9m	15.2m
Op. Net per share	0.89	0.82
Year		
Revenue	4.06bn	3.82bn
Op. Net profits	63.2m	65.8m
Op. Net per share	3.76	4.10

GILLETTE

First quarter	1983 $	1982 $
Revenue	497.7m	533.7m
Net profits	30.9m	32.8m
Net per share	1.02	1.08

GULF CANADA

First quarter	1983 C$	1982 C$
Revenue	—	—
Net profits	69m	34m
Net per share	0.30	0.15

HARRIS

Third quarter	1982-83 $	1981-82 $
Revenue	308.1m	344m
Op. Net profits	12.2m	13m
Op. Net per share	0.39	0.41
Nine months		
Revenue	1.06bn	954m
Op. Net profits	36.8m	43.8m
Op. Net per share	1.17	1.40

G. HEILEMAN

First quarter	1983 $	1982 $
Revenue	207.8m	183.6m
Net profits	8.5m	7.2m
Net per share	0.64	0.55

IU INTERNATIONAL

First quarter	1983 $	1982 $
Revenue	463m	490.5m
Net profits	517,000	12.9m
Net per share	0.01	†0.10

† Loss

KELLOGG

First quarter	1983 $	1982 $
Revenue	596.1m	613.9m
Net profits	59.1m	61.7m
Net per share	0.77	0.81

LEAR SIEGLER

Third quarter	1982-83 $	1981-82 $
Revenue	376.0m	364.9m
Net profits	15.8m	19m
Net per share	0.93	0.98
Nine months		
Revenue	1.08bn	1.08bn
Net profits	40.3m	51.4m
Net per share	2.41	3.10

MAYTAG

First quarter	1983 $	1982 $
Revenue	156.4m	110.2m
Net profits	15.9m	9.2m
Net per share	1.12	0.67

3M (MINNESOTA MINING)

First quarter	1983 $	1982 $
Revenue	1.7bn	1.67bn
Net profits	157m	152m
Net per share	1.33	1.30

NORTHERN TELECOM

First quarter	1983 C$	1982 C$
Revenue	774m	717m
Op. Net profits	47.4m	33.3m
Op. Net per share	1.32	0.95

POLAROID

First quarter	1983 $	1982 $
Revenue	280.8m	289.9m
Net profits	2m	1.5m
Net per share	0.07	0.06

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange in London for the purpose of giving information with regard to the Stock to be issued by Her Majesty the Queen in right of New Zealand ("New Zealand"). New Zealand has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. New Zealand accepts responsibility accordingly.

Dated 26th April, 1983

New Zealand

Issue on a yield basis of

£100,000,000 Stock 2008

payable as to £30 per cent. on application
and as to the balance by 15th September, 1983
with interest payable half yearly on 4th May and 4th November

The Issue has been underwritten by

S. G. Warburg & Co. Ltd.

Baring Brothers & Co., Limited	County Bank Limited
Hambros Bank Limited	Hill Samuel & Co. Limited
Kleinwort, Benson Limited	Lloyds Bank International Limited
Morgan Grenfell & Co. Limited	Bank of New Zealand

Application has been made to the Council of The Stock Exchange in London for the £100,000,000 Stock 2008 (the "Stock") to be admitted to the Official List for dealing in the Gilt-edged market. Stock in registered form, when listed, will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961 and an investment falling within Part III of the Schedule of the Building Societies (Authorised Investments) (No. 2) Order 1977. It is expected that dealings in the Stock on The Stock Exchange in London will begin on Friday, 29th April, 1983 for deferred settlement on Friday, 6th May, 1983.

Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on Thursday, 5th May, 1983. Certificates in respect of Stock in registered form and bearer bonds in respect of Stock in bearer form will be available on 18th October, 1983 provided the balance of the moneys payable has been duly paid.

PROCEDURE FOR APPLICATION

All applications must be made in the form of the application forms provided and must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU (the "Receiving Bank") not later than 10.00 a.m. (London time) on Thursday, 28th April, 1983 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:—

Amount of Stock applied for	Multiple
Up to £1,000	£ 100
£1,000 to £10,000	£ 1,000
£10,000 to £50,000	£ 5,000
£50,000 or greater	£25,000

S. G. Warburg & Co. Ltd. on behalf of New Zealand reserves the right to reject any application and to accept any application in part only. If any application is not accepted the relevant application form and the amount paid thereon will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned, and in the meantime all such amounts will be held in a separate account.

S. G. Warburg & Co. Ltd. on behalf of New Zealand will announce the basis of allotment by 10.00 a.m. (London time) on Friday, 29th April, 1983. It is expected that confirmations of allotments will be despatched on that day.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. (LONDON TIME) ON THURSDAY, 28TH APRIL, 1983 AND CLOSE LATER ON THE SAME DAY.

TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a separate cheque in pounds sterling made payable to "Lloyds Bank Plc" and crossed "New Zealand Loan", representing payment at the rate of £30 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

An alternative method of payment is available in respect of payments of £10,000 or more only to recognised Banks or Stockbrokers (as defined under "General Information" below) who irrevocably engage to pay Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU, for credit to the account designated "New Zealand Loan – Alternative Payment" by 10.00 a.m. (London time) on Wednesday, 4th May, 1983 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted. The expression "Town Clearing Funds" shall mean a cheque or bankers' payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

S. G. Warburg & Co. Ltd., on behalf of the Underwriters referred to below, reserves the right to instruct the Receiving Bank to retain the relevant allotment letters and surplus application moneys (if any) pending clearance of applicants' remittances.

Settlement of the balance due on 15th September, 1983 may be made either by means of a cheque, drawn as aforesaid, received by Lloyds Bank Plc not later than 3.00 p.m. on 12th September, 1983 or, for payments of £10,000 or more, by means of Town Clearing Funds (as defined above) to be received by Lloyds Bank Plc not later than 3.00 p.m. on 15th September, 1983. Any amount paid in advance of its due date shall not bear interest or be entitled to any other payment.

Failure to pay the balance on any Stock when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. above the Base Rate for the time being of the Receiving Bank may be charged on such balance if accepted after its due date. New Zealand further reserves the right in default of payment to sell any such Stock fully paid for its own account.

DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Thursday, 5th May, 1983 by post at the risk of the person submitting the application in accordance with the instructions stated on the application form.

Allotment letters may be split up to 3.00 p.m. (London time) on 13th September, 1983 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by the Receiving Bank on or before 15th September, 1983, the Stock represented by such allotment letter will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available only in the denomination of £5,000 each.

Each Stockholder who elects in the allotment letter to receive bearer bonds may receive them in one of the following ways:—

(a) by post at the risk of the applicant. The allotment letter will include details of insurance arrangements; or

(b) by delivery to an existing account with Euro-clear or CEDEL S.A.; or

(c) by collection from the offices of the Receiving Bank.

Bearer bonds are expected to be available for delivery on and after 18th October, 1983.

Stock certificates in respect of Stock in registered form will be despatched to the registered holders (in the case of joint holders to the first named) at their registered addresses on 18th October, 1983. After such date the relevant allotment letters will cease to be valid for any purpose.

No Stock certificate will be issued and no bearer bond will be delivered unless the Stock to be represented thereby is fully paid.

INFORMATION RELATING TO THE ISSUE

The Stock is created and the issue is made under the Public Finance Act 1977 (as amended) of New Zealand and S. G. Warburg & Co. Ltd. has been authorised to receive applications for the Stock. The Stock will be constituted by a Deed Poll and Stockholders will be deemed to have notice of and will be bound by its terms.

Status

The Stock will represent an unconditional, unsecured and general obligation of New Zealand. The principal of and interest on the Stock will be a charge on and payable out of the Public Revenues of New Zealand, equally and rateably with all other amounts so charged and payable in respect of all other general obligations of New Zealand for money borrowed.

Interest

The Stock will bear interest from 4th May, 1983 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" below. Interest on the Stock will be payable (less, where applicable, United Kingdom income tax) by equal half yearly instalments on 4th May and 4th November in each year, except that the first payment of interest in respect of the period from 4th May, 1983 to 4th November, 1983 will be made on 4th November, 1983 and will be calculated using the following formula:—

$$£I = \frac{134}{365} \times \frac{30}{P} \times R + \frac{50}{365} \times R$$

where £I is the first payment of interest on £100 nominal amount of Stock,
R is the percentage rate of interest attaching to the Stock, and
P is the issue price.

Determination of Rate of Interest and Issue Price

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 1.30 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. (London time) on Wednesday, 27th April, 1983, the price of such Treasury Stock to be determined by S. G. Warburg & Co. Ltd. to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the *Journal of the Institute of Actuaries Vol. 105, Part I, 1978, page 18.*

The rate of interest attaching to the Stock will be determined by S. G. Warburg & Co. Ltd. and will be an integral multiple of one quarter of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not less than, 92½ per cent. The issue price will also be determined by S. G. Warburg & Co. Ltd. and will be expressed as a percentage rounded to three places of decimals (with 0.0005 rounded upwards).

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in the *Financial Times* on Thursday, 28th April, 1983.

Redemption and Purchase

(a) The Stock, if not previously cancelled after purchase, will be repaid at par on 4th May, 2008.

(b) New Zealand will irrevocably authorise and direct S. G. Warburg & Co. Ltd., or its successor as purchase agent, (the "Purchase Agent") to endeavour to purchase for the account of and at the expense of New Zealand £1,500,000 nominal amount of the Stock during the period from 16th September, 1983 to 3rd May, 1984 and during each of the four 12 month periods beginning on 4th May in the years 1984 to 1987. In each case purchases will be made at such prices not exceeding the issue price (exclusive of accrued interest and all costs of purchase) as the Purchase Agent may at its sole discretion consider appropriate in order to purchase Stock in such amount during each such period. If during any such period the Purchase Agent is unable so to purchase the relevant nominal amount of Stock, the Purchase Agent will be irrevocably authorised and directed to purchase for the account of New Zealand during the six months next following the expiry of that period, on the conditions set forth above and before purchasing any Stock which it shall be authorised to purchase during the next following 12 month period, Stock of an aggregate nominal amount equal to the shortfall in the nominal amount of Stock purchased during that earlier period, provided that any such shortfall shall in no circumstances be carried forward beyond the six months next following the expiry of that period. The purchases may be made by the Purchase Agent on The Stock Exchange or otherwise, from such persons and at such times as the Purchase Agent in its sole discretion may determine. In acting under the foregoing provisions, the Purchase Agent shall not assume any obligation to Stockholders.

(c) New Zealand may at any time purchase Stock in the open market at any price or by private treaty at a price not exceeding ten per cent. above the middle market quotation for the Stock, as shown by The Stock Exchange Daily Official List, ruling on the previous dealing day (allowing for accrued interest but exclusive of all costs of purchase) but not otherwise.

(d) Stock so purchased shall be cancelled forthwith.

Registration, Transfer and Exchange

Lloyds Bank Plc has been appointed Registrar of the Stock, which will be transferable in registered form in multiples of one penny by instrument in writing in the same manner as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 applied. The Stock represented by bearer bonds will be transferable by delivery. Under present legislation the Stock is transferable free from United Kingdom stamp duty.

Applications for exchange of Stock in registered form for bearer bonds and *vice versa* should be made on the forms of exchange available at the offices of Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA and 111 Old Broad Street, London EC2N 1AU (as Registrar, Principal Paying and Exchange Agent) and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, P.O. Box 1108, Luxembourg and Morgan Guaranty Trust Company of New York, 35 Avenue des Arts, B-1040 Brussels (as paying agents). Such applications shall be made by the holders of Stock in registered form or the holders of bearer bonds, as the case may be, lodging such forms duly completed at either of such offices of the Exchange Agent. Such exchange will only be made on payment of such costs and expenses as may be incurred in connection therewith.

An application to exchange Stock in registered form for bearer bonds shall have attached the certificate(s) to which such application relates. An application to exchange bearer bonds for Stock in registered form shall have attached the bearer bond(s) to which such application relates together with all unmatured coupons relating to such bond(s). If the certificate(s) attached to an application for the exchange of Stock in registered form for bearer bonds relate(s) to a greater nominal amount of Stock than is an integral multiple of £5,000 the balance of such Stock will remain in registered form and a certificate will be issued to the holder for such balance. All applications for the exchange of Stock in registered form for bearer bonds and *vice versa* will be irrevocable.

PURPOSE OF THE ISSUE

The proceeds of the issue will be used to supplement New Zealand's foreign exchange reserves and to finance development works in New Zealand.

CURRENT TAXATION

New Zealand

Under the provisions of the Income Tax Act 1976 of New Zealand, income derived by a person who is not (within the meaning of Part IV of that Act) resident in New Zealand from stock issued by New Zealand, the interest on which is payable outside New Zealand, is not liable to taxation in New Zealand.

United Kingdom

In the case of interest payable through a registrar in the United Kingdom in respect of Stock in registered form, United Kingdom income tax will be deducted from each payment except that, under current Inland Revenue practice, payments will be made gross to persons whose registered addresses (and, if different, the addresses to which the payment is to be sent) are outside the United Kingdom provided that (i) the payments are made direct to an address abroad other than to a branch of a United Kingdom company, and (ii) the registrar for the Stock does not recognise the registered holder as a person in the United Kingdom and does not recognise that the payment is being made to or for the account of such a person. Persons who are not resident in the United Kingdom for tax purposes may apply by sending a claim form A3 to the Inspector of Foreign Dividends for exemption from United Kingdom income tax on grounds of non-residence.

In the case of interest payable through a paying agent in the United Kingdom in respect of Stock in bearer form, United Kingdom income tax will be deducted from each payment in the absence of an affidavit to the effect that the beneficial owner of the Stock is not resident in the United Kingdom for tax purposes.

In addition, under current Inland Revenue practice, a bank in the United Kingdom recognised as such by the Inland Revenue may receive interest payments (whether in respect of Stock in registered or bearer form) without deduction of tax if it certifies on the occasion of each such payment that it owns the underlying Stock and is beneficially entitled to the interest.

Stockholders who are liable to United Kingdom tax on capital gains should note that the provision in Section 67 of the Capital Gains Tax Act 1979 which exempts from tax capital gains on Gilt-edged securities (as defined for such purposes) held for more than 12 months will not apply to the Stock.

GENERAL INFORMATION

Underwriting Arrangements

By an Underwriting Agreement dated 25th April, 1983, S. G. Warburg & Co. Ltd., Baring Brothers & Co., Limited, County Bank Limited, Hambros Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Lloyds Bank International Limited, Morgan Grenfell & Co. Limited and Bank of New Zealand (the "Underwriters") have agreed with New Zealand to underwrite the issue of the Stock. The Underwriting Agreement is subject to certain conditions and S. G. Warburg & Co. Ltd., on behalf of the Underwriters, may terminate the Underwriting Agreement if such conditions are not fulfilled. If the Underwriting Agreement is so terminated, acceptances of applications for the Stock will become void.

New Zealand has agreed to pay to the Underwriters commissions aggregating £1.25 per £100 of Stock for their services as managers and underwriters of the issue out of which will be paid commissions to the brokers to the issue (Scrimgeour, Kemp-Gee & Co. and Rowe & Pitman) and certain other persons who have agreed to accept sub-underwriting participations in respect of the issue of the Stock. New Zealand will pay brokerage of 12½p per £100 of Stock to recognised Banks or Stockbrokers on allotments made in respect of applications bearing their stamp; this commission will not, however, be paid in respect of any allotment which arises out of a sub-underwriting commitment. The expression "recognised Bank or Stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange in London and such other banks and brokers as S. G. Warburg & Co. Ltd. shall at their absolute discretion agree for the purpose of the issue. The total expenses of the issue (including the above-mentioned commissions but excluding brokerage) are estimated to amount to £1,350,000 and are payable by New Zealand.

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Allen & Overy, 9 Cheapside, London EC2V 6AD during normal business hours until 10th May, 1983:—

(i) the Underwriting Agreement referred to above;

(ii) a draft, subject to modification, of the Deed Poll referred to above, which includes in schedules thereto the form of certificate and bearer bond;

(iii) drafts, subject to modification, of the Registrar's, Paying and Exchange Agency Agreement and of the Purchase Agency Agreement; and

(iv) the Public Finance Act 1977 (as amended) of New Zealand, together with the warrant pursuant to Section 79 of such Act, appointing the Loan Agents of New Zealand in relation to the issue of the Stock.

General

Copies of the Prospectus and application form may be obtained from:—

The office of the High Commissioner for New Zealand, New Zealand House, Haymarket, London SW1Y 4TQ

S. G. Warburg & Co. Ltd., 30 Gresham Street, London EC2P 2EB

Scrimgeour, Kemp-Gee & Co., 20 Copthall Avenue, London EC2R 7JS

Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA

Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU

APPLICATION FORM

The application list will open at 10 a.m. Thursday, 28th April, 1983 and will close later the same day.
This form must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU.

NEW ZEALAND

Issue on a yield basis of £100,000,000 Stock 2008

Payable as follows: On application £30 per cent. On 15th September, 1983 the balance of the issue price.

To: S. G. Warburg & Co. Ltd. on behalf of New Zealand

In accordance with the terms of the Prospectus dated 26th April, 1983 I/we apply as below. I/We irrevocably undertake to accept the amount of Stock applied for or any smaller amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the said Prospectus.

Nominal amount of the Stock applied for	Amount enclosed at £30 per cent. of the nominal amount applied for
£	£

Note: Applications must be for a minimum of £100 nominal amount of Stock or an integral multiple thereof and thereafter for the following multiples of Stock:

Amount of Stock applied for	Multiple	Amount of Stock applied for	Multiple
Up to £1,000	£100	£10,000 - £50,000	£5,000
£1,000 - £10,000	£1,000	£50,000 or greater	£25,000

Please pin cheque here

I/We enclose a cheque* in pounds sterling drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses, made payable to "Lloyds Bank Plc" and crossed "New Zealand Loan" representing payment at the rate of £30 per cent. of the above-mentioned nominal amount of Stock. I/We understand that the completion and delivery of this application form accompanied by my/our cheque constitutes a representation that the same will be honoured on first presentation. I/We hereby engage to pay the balance payable on the Stock by Thursday, 15th September, 1983 in accordance with the terms as to payment set out in the Prospectus on any allotment made to me/us in respect of this application and I/we understand that failure to pay such balance by the due date will render the amount previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. over the Base Rate of Lloyds Bank Plc from time to time may be charged on the balance of the amount payable on the Stock, if accepted after its due date. New Zealand further reserves the right, in default of payment, to sell the Stock fully paid for its own account. I/We acknowledge that any allotment letter and (if appropriate) remittance for any application moneys returnable to be sent to me/us is liable to be held pending clearance of such cheque.

I/We hereby request that any Stock allotted to me/us be evidenced by an allotment letter addressed to me/us and be sent by post at my/our risk to me/us at the first address shown below.

**A separate cheque must accompany each application form.*

Date: .... *April, 1983.*

Please use BLOCK LETTERS

(1) *Usual signature:* ....
In the case of a corporation, the common seal must be affixed or this form signed by a duly authorised officer who must state his capacity.
Forenames: ....
Surname: ....
(also state designation: Mr., Mrs., Miss or title)
Address in full: ....

Joint Applicants (if any):
In the case of joint applicants all must sign.

(2) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation: Mr., Mrs., Miss or title)
Address in full: ....

(3) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation: Mr., Mrs., Miss or title)
Address in full: ....

(4) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation: Mr., Mrs., Miss or title)
Address in full: ....

FOR OFFICE USE ONLY
1. Acceptance number
2. Amount of Stock accepted
3. Amount received on application £
4. Amount payable on Stock accepted £
5. Amount returned £
6. Balance payable £
7. A.L. number
8. Cheque number

ALTERNATIVE METHOD OF PAYMENT

(This method of payment is available in respect of payments of £10,000 or more only to recognised Banks or Stockbrokers as described in the Prospectus.)

We hereby irrevocably engage to pay Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU, for credit to the account designated "New Zealand Loan - Alternative Payment" by 10.00 a.m. on Wednesday, 4th May, 1983 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. for the Stock allotted to the person(s) named above in respect of this application.

Name of bank or broker: ....
Address in full: ....

Authorised signature ....

In the case of a corporation, the common seal must be affixed or this form signed by a duly authorised officer who must state his capacity.

Stamp of bank or broker claiming brokerage (if any)	A. L. number	Stock allotted

UK COMPANY NEWS

Simon Engineering marginal rise

A GOOD performance by its process plant contracting side and an increase in interest receivable helped Simon Engineering to a marginal rise in pre-tax profits from £20.33m to £20.66m for 1982.

This continued the pattern of the first half, for at midterm this group—other interests of which include specialised machinery manufacture, storage and oil services—reported a result of £7.6m against £7.44m.

The directors said then that full year figures would bear comparison with 1981 and they now say they are looking for a reasonable outcome to the current 12 months.

For the period under review, earnings per 25p share are shown at 51.1p (53.6p) pre-extraordinary items and 32p (51.5p) after. On these the final dividend is 9.25p net for a 13.25p 12.6p) total.

The £4.97m (£560,000) of extraordinary charges represent the costs of rationalisation and cessation of drilling muds activities in the U.S.

Group turnover, at £362.57m, showed an increase of £22.8m but trading profits fell by £1.48m to £13.98m, after depreciation of £6.19m (£5.77m) and before a £1.16m (£1.14m) share of associates.

£ Interest receivable jumped from £3.92m to £5.2m and a breakdown of turnover and the rest of pre-tax profits shows (000s omitted): food engineering £72,898 (£68,113) and £316 (£1,385); manufacturing £59,168 (£51,006) and £3,636 (£3,354); process plant contratcing £130,487 (£112,329) and £5,208 (£4,091); merchanting and storage £82,974 (£87,282) and £5,331 (£5,583); oil services £17,046 (£21,043) and £976 (£1,993).

Tax took £6.47m (£5.14m) and there were minority profits of £849,000 (£1.28m) which left the attributable balance at £8.38m (£13.35m). Dividends, including £39,000 of preference payments, cost £3.49m (£3.32m) and £4.89m (£10.03m) was retained. On a CCA basis the taxable result is given at £14.41m (£14.29m).

Commenting on the year, Mr H. Harrison, chairman, says trading conditions were difficult for all the group's companies, and low levels of world demand intensified the squeeze on margins from international competitors, all with surplus capacity to fill.

In the circumstances it was inevitable that some of the group's units were unable to repeat their profits performances of 1981, he states. In particular, the continuing decline in investment in processing machinery put the food division under severe pressures. Thus its small increase in turnover was at the cost of much slimmer margins.

The oil services group, with is principal markets in the U.S., felt the immediate impact of the sharp decline in the levels of service and drilling activity in that country.

With the benefit of a diverse operating base, the manufacturing division held its turnover reasonably well, but again on tighter margins. Meanwhile, the merchanting and storage group, though affected in both revenue and margin terms by the general recession in the oil and chemical industries, benefited from the considerable investment in storage that the company has made in recent years to expand facilities.

Some companies within the process plant contracting side of the group's business had a difficult year but others did well and brought to profitable completion a number of long-term contracts. With a first-time inclusion of profits from Koger & Boxill and Simon-Carves (Africa) as full subsidiaries, Mr Harrison describes this division's contribution as good.

Overall, the group's wide spread of interests has again helped it to produce a reasonable result in another year of deep recession, he states.

Profits, an improvement in cash and deposits from £43.4m to £52.2m and the strength of the group's balance sheet, which saw shareholders' funds rise from £88.5m to £95.6m, put Simon in a strong position to take advantage of any upturn in demand, and also of suitable opportunities for growth by acquisition, says Mr Harrison.

The recovery from recession is difficult to forecast, he states, but there do appear to be more consistent signs that the world economy, led by the U.S., is on the upturn.

He is not predicting or expecting a return to rapid growth and says it will, in any case, take time for an improvement to have a sizeable impact on companies supplying capital goods.

Nonetheless, the outlook appears to be encouraging, he says, although an increase in world investment and trade now would be of more benefit to 1984 results than to those for the current year.

● comment

Simon Engineering has weathered the recession well and has just managed to sustain its ten-year growth record, raising profits by a modest £334,000 in 1982. High interest income, up from £3.7m to £5.5m, is the reward for Simon's policy of husbanding cash in difficult times and compensates for e drop in trading profits. Heavy cost-cutting and reshaping of Simon's businesses resulted in the extraordinary loss of £4.97m. Over half was incurred in the U.S., mainly from the closure of its drilling mud operations, a victim of the slowdown in oil production. After oil services, food engineering was the hardest hit of Simon'e businesses; margins were slashed so that on a small increase in turnover profits dropped from £1.38m to £316,000. But with the bad news out of the way, the company is cautiously optimistic, encouraged by "straws in the wind," including the £56m Nigerian contract and the almost clinched £400m deal for a chemical complex in Indonesia. Profits from new business will not come through to the bottom line until 1984-85, but Simon's work load should build up in 1983. Simon hopes to spend some of its £52m cash pile this year in oil services and other areas including process plant contracting, if and when the opportunities arise. The share price lost 7p to 424p where it sells on 11.4 years earnings and a yield of 4.5 per cent.

HIGHLIGHTS

Lex today looks at the reported attempt by **Fitch Lovell** *to sell its Key Markets subsidiary to Safeway for £35m, in the context of the Linfood bid for Fitch, currently before the Mergers and Monopolies Commission. The column goes on to discuss the first revaluation by* **Hammerson Property** *which puts net assets at £9.77 a share. It also considers the acquisition of* **Seafirst Corporation***, a holding company and one of the largest Washington state banks, by* **BankAmerica Corporation** *in a deal worth $247m and the implications for U.S. bank regulations. Further Lex discusses figures from Ford Motor Company of the UK.*

Further loss at Blackwood Hodge (Canada)

For the first quarter of 1983, Blackwood Hodge (Canada) showed an increased pre-tax loss of C$2.53m against C$1.75m.

Turnover fell from $23.93m to $15.12m and there was a deficit before interest of $1.12m compared with a profit of $574,000. There was a tax credit of $1.21m ($880,000) and the loss per share is stated et 54 (35) cents.

The directors say that demand for heavy construction equipment continued downward throughout the quarter.

However, the deep recession the company has been experiencing in its industry over the past two years appears now to be close to bottoming-out. An upturn in demand for the company'e products would show improvement in sales for the balance of the year.

Placing to raise £9m by Reed Stenhouse

Reed Stenhouse Companies, the Canadian arm of Stenhouse Holdings, has agreed to sell 1.1m "A" shares, through a private placing with institutional investors, for an amount of some C$17m (£8.96m).

The proceeds will be used for acquisitions, or, in the interim, to reduce borrowings and increase debt capacity. As part of its continuing strategy, the company is actively exploring potential acquisition candidates.

Stenhouse Holdings owns the equivalent of 8.22m "A" shares in Reed Stenhouse. Although the placing will not affect this holding, it will reduce the proportion of Reed Stenhouse share capital held by Stenhouse from 52.4 per cent to 48 per cent.

Stenhouse's voting power has always been restricted to a maximum of 50 per cent and following the placing it will have 49 per cent of votes. Dividends will continue to be paid by Reed Stenhouse to Stenhouse Holdings in the same manner as before.

The board of Stenhouse Holdings is satisfied that the transaction is in the best interests of shareholders in both Reed Stenhouse and Stenhouse.

Closing is anticipated to take place shortly after receipt of the necessary regulatory approvals expected within ten days. The company'e agent in the transaction was Wood Gundy.

Irish Distillers

Of the 11,503,595 ordinary shares in Irish Distillers Group offered by way of rights, 91.6 per cent have been taken up.

The balance of the shares not taken up has been sold in the market in accordance with the terms of the issue. Underwriters have been relieved of their liabilities.

Hammerson profits climb and portfolio worth £912m

BY MICHAEL CASSELL

Hammerson Property Investment and Development Corporation has reported another big increase in pre-tax profits and unveiled the results of the group'e first full revaluation of its international property portfolio.

Hammerson, which has extensive property interests in the UK, North America and Australia, notched up pre-tax profits of £20.4m in the year ended December 31 1982 against £15.06m in the previous 12 months. In two years, the group has virtually doubled its pre-tax figures.

The long-awaited and relectantly sanctioned valuation, made by directors but using outside advisers in the case of some properties, gave the group's portfolio a year-end value of 9.11.9m. Investment proporeties are ifn 1981 balance sheet at £242m.

After the subsequent issue of shares to the Australian Mutual Provident Society, in exchange for minority interests held by AMP in Hammerson's Australian properties, the revaluation throws up a net asset value per share of £9.77. Analysts forecasts in advance£ of the results had suggested an NAV of anything between £9 and around £11.

The results pushed up Hammerson "A" shares by 35p to 725p on the day, giving the group a market capitalisation of £497m and putting it ahead of MEPC (£470m). The remainder of the property sector also felt the benefit, with several companies recording useful gains.

The final dividend is 10p (net) making 13p against 11p last time. Earnings per share, adjusted to take account of the April, 1982 rights issue, were 21.19p (15.6p) or 20.32p (15.6p) fully diluted.

The 1982 results reflect another good year for reviews and reversions, with some help from the general weakness of sterling. The group portfolio is thought to have the highest overseas content of any major UK property company, with about half its portfolio located abroad.

Conditions in Hammerson's two principle overseas markets — Australia and Canada — have weakened since the start of 1983. An early quotation in Australia begins to look less likely while development of the fifth phase of the very successful Bow Valley Square scheme in Calgary—possession of the relevent site is not due until 1984—is expected to await signs of an improvement in the local market.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bodycote	2	July 1	2	3	4
Futura Holdings 2nd int	2.25	May 16	1.69	3.56	2.85
Hammerson Prop	10	June 13	8	13	11
Hoskins & Horton	4	July 1	3	6	5
I. & J. Hyman	0.1	June 20	0.1	0.1	0.1
S. Lyles int	2.5	June 1	2.5	—	6.25
Petrocon	2.5	June 10	1.75	3.75	2.5
Simon Engineering	9.25	July 1	8.6	13.25	12.6
Viking Resources	0.5	—	0.4	0.9	0.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Bodycote lower: dividend cut 1p

PRE-TAX profits of Bodycote International, with interests in industrial clothing, safety products, textiles and engineering, declined from £917,000 to £812,000 for 1982 with an improvement by the UK side failing to offset a sharp downturn by the overseas companies.

The dividend for the year is being cut by 1p to 3p net per 25p share, the final being a same-again 2p — earnings per share dropped from 9.02p to 6.48p.

Mr J. C. Dwek, the chairman, says there are now signs of some improvement in UK trading conditions.

He adds that although the full benefit of new acquisitions for the metal treatment division will not be felt until the end of the year "their significance is that they mark the directors' readiness to move forward again positively after a period of contraction."

The directors are hopeful that by year-end the group will again be back on an acceptable growth line.

Group turnover for 1982 was little changed at £26.23m (£26.39m). A geographical breakdown of profits before tax, which were also affected by a rise in interest charges from £241,000 to £480,000, shows the UK £1.1m (£595,000) and overseas £184,000 (£563,000).

Tax took £296,000 (£196,000) and minorities accounted for £5,000 (£9,000).

Attributable profits emerged at £511,000 (£712,000) pre-extraordinary items—these were losses attributable to the cessation of trading at Wm. Denby £174,000 (£600,000) and other losses and provisions regarding rationalisation and cessation of trading £341,000 (£488,000).

Overseas profits were affected by a rapid decline in the economies of the Netherlands and W. Germany.

In the industrial protective clothing and safety products division, a programme of rationalisation is being implemented in order to reduce the group's exposure and improve the return on capital employed.

Although no substantial benefits are expected before 1984, restructuring and marketing plans are under way.

● comment

Bodycote's 11 per cent decline in pre-tax profits was chiefly due to the damage rising unemployment inflicted on its Continental industrial clothing markets and the doubled interest bill wich resulted from the costs of reducing its exposure to that situation. The closure of two factories in West Germany and the Netherlands is all part of the group'e continuing move away from vulnerable textiles into the richer pastures of metal finishing, where it has made two acquisitions in the current year. Borrowings should ease as Bodycote sells surplus property and substantial stocks which have been hanging around waiting for prices to pick up. The company says it will hold on to its remaining textile-related interess, accounting for around 56 per cent of total profits, compared with 40 per cent for metal treatment. Order books have improved across the board in the current year, pointing to pre-tax profits of perhaps £1.1m. However, it seems unlikely that the dividend will be restored to its former level in 1983 as the costly process of re-organisation is not yet over. The shares ended up 1p at 54p, where they stand on a fully taxed prospective p/e of 7.8 and yield 8.2 per cent.

Edmond placing and rights

Edmond Holdings, formerly Allied Residential, has applied to the council of the Stock Exchange for a placing of 15,604,064 shares of 10p each at 14½p per share. This represents 39 per cent of the capital enlarged by a proposed one-for-one rights issue.

Brokers to the issue are Sternberg, Thomas Clarke and dealing should begin on April 29.

Edmood is e housebuilding and residential property investment company. Its housebuilding is mainly centred in North Yorkshire having sold its former interests in the south, which contributed to the £2.12m loss made by Allied Residential in 1982.

The directors forecast a pre-tax profit of £375,000 in the year to December 31 1983. On a nil tax charge they estimate net earnings per share at 1.44p and a net dividend per share of 1p giving a p/e of 9.74 and a dividend yield of 10.18.

The company is currently engaged in eight building projects. The largest is a development of 100 houses at Stoneferry, Hull, planned for completion in June 1984. It is purchasing from Taddale Investments a portfolio of residential properties in Middlesbrough and Stockton on Tees valued at £2.78m and with an income of £293,522. The balance of the profits forecast will come from housebuilding and disposals.

Net tangible assets of the restructured group will be £5.03m compared with £1.02m at December 31 1982.

Edmond has £1.35m cash and Mr Michael Carlton, a director, says the company will be building up a land bank and property investments.

Wingate ahead by £81,000

In its first figures since getting a quote on the Unlisted Securities Market last October, Wingate Property Investments reports a pre-tax surplus of £424,000 for 1982, an increase of £81,000 over 1981.

No dividend for the year is being paid.

Gross rents receivable totalled £1.63m compared with £1.52m. Tax was slightly lower et £97,000 against £110,000. After minorities of £2,000 (nil) and extraordinary debits of £27,000 (£6,000 credit), the attributable surplus was £302,000 (£246,000, which included a transer from capital reserve of £7,000).

Stated earnings per share advanced from £2.71p to 3.39p.

Hoskins & Horton ahead

BIRMINGHAM-BASED building and hospital equipment group Hoskins & Horton finished 1982 with pre-tax profits £73,000 ahead at £524,000, and is raising its total dividend from 5p to 6p with a final payment of 4p net.

At halfway, when profits were up from £252,000 to £271,000, the directors said they expected profitable trading in the second six months. They now say that results so far in the current year support confidence.

Turnover for the period under review advanced from £9.4m to £10.91m, while profits were after interest of £111,000 (£134,000) and subject to tax of £71,000 (£15,000). Earnings per 20p share rose to 17p (16.4p) and there were extraordinary debits this time of £38,000 (£19,000).

The directors say that the current year has so far shown some increase in orders

F.T. share information

The following securities have been added to the Share Information Service:

Bridge Oil (Section: Oils)
Grainger Trust (Property)
H. B. Electronic Components (Electricals)
Superdrug Stores (Drapery & Stores)

LADBROKE INDEX
based on FT Index
691-696 (+7)
Tel: 01-493 5261

House of Fraser defeat on Lonrho's use of emblem

House of Fraser yesterday failed to stop Lonrho from using the stores group's emblem on proxy cards and circulars as part of Lonrho's campaign to force a separation of Harrods from the Fraser empire.

Four Lonrho directors, Lord Duncan-Sandys, Mr Roland "Tiny" Rowland, Mr Terry Robinson and Mr Paul Spicer, said that House of Fraser "failed in its application to the court of session in Edinburgh" in which it sought to prohibit the four men "from using at the extraordinary general meeting on May 6 the proxies sent out with their circular of April 18 and from issuing any further proxies in that form."

The four added: "The proxies sent to shareholders were in a form approved by the Stock Exchange and the court held that they were not misleading. Costs were awarded against House of Fraser."

House of Fraser has been angered by Lonrho writing to its shareholders about the demerger of Harrods, which Lonrho is attempting to force, through the two Lonrho representatives on the Fraser board, Lord Duncan-Sandys and Mr Rowland. They have been writing to shareholders in their capacity as a minority on the board.

In other court moves yesterday Lonrho gained an injunction against House of Fraser preventing the stores group bringing forward a board meeting and the declaration of the group's annual results. House of Fraser told Lonrho at the end of last week that it intended to declare its results and hold the board meeting today instead of Thursday as originally planned.

But the court ruled that the meeting should take place on the day originally planned—Thursday.

Professor Smith, House of Fraser's chairman, launched an attack on Lonrho's arguments about Fraser's future. He said Lonrho's claim that House of Fraser's new marketing strategy was aimed at the 15-25 age group "was wrong and intended to mislead." House of Fraser was remodelling its stores and merchandise to attract the 25-40 group. At the same time the group was being "directed by a very much younger senior team than before," and added "ours is not a geriatic business."

He said it was now possible for him to get round a table and talk to four or five people about the group. "In the past the only thing that has linked it together was the central heating system."

He said House of Fraser was seeking change and "more important profit growth." House of Fraser was seeking this growth by being more competitive in the design of its stores to stimulate families to come in; by the excellence of the stores and their merchandising programmes and by eliminating loss-making and low earning stores.

"If we can position the merchandise correctly and sell it efficiently we should generate increasing profits. We have made a start with the figures which will be announced in the next few days and our plan is to more than double House of Fraser profits over the next five years."

He said the group might decide to alter the pace of its growth. "We may decide to quicken the pace or we may find we want to purchase a group of stores complementary to our own to increase our profits base. In fact that opportunity may not be too far away." He said that the group's future policy had not been plucked out of a hat merely because of the "opportunist pressure" from its major shareholder, Lonrho which holds a 29.99 per cent stake.

Professor Smith said that the board had examined the Alders stores group, part of UDS, as part of its acquisition plans, but no action had been decided.

He claimed House of Fraser was the market leader in UK department stores "giving us buying power and better margins." But if Harrods was stripped out "and House of Fraser loses its market leadership it becomes just another business. We shall lose margins, we shall lose profits. To throw away market leadership would be business suicide."

He said that the latest results would illustrate how House of Fraser had fared against a background of turbulent retail trading. "We are not a Woolworths or a UDS. We have one of the strongest balance sheets in the retail sector in the UK. There are some people who believe department store trading has no future. We do not accept that view, nor does Lonrho who would not want us so badly. What we are proposing is to de-mature the House of Fraser business refresh it and make higher profits as a result."

Professor Smith said shareholders faced a choice. They could support his board's plans to develop the group into a business making £75m in five years—"and the figures that will be released in the days ahead will show we have made a start along that road." Or they could support Lonrho's demerger proposals.

He said that information contained in Lonrho's circulars was misleading, and said that the costs of various meetings called by Lonrho since 1980 amounted to more than £2m. He reiterated his intention to resign if the vote went against Fraser on May 6.

Mr Rowland said last night that Lonrho "will not go away. We shall still be here in five years, 15 years or 20 years time."

Increased holding in Sotheby's

The two American businessmen who have bid £61m for Sotheby's, the fine art auctioneers, yesterday made further significant purchases of the company shares.

Mr Stephen Swid and Mr Marshall Cogan obtained a ruling last Thursday allowing them to resume purchasing Sotheby's shares.

It had been expected that U.S. securities' legislation—the Hart-Scott-Rodino Anti-trust Improvements Act—would prevent them buying more shares until today at the earliest.

Substantial purchases were made yesterday pushing the Sotheby share price up 13p to 523p — 3p above the offer price. Details of the numbers of shares bought will be announced later today.

The two American businessmen, who are making their offer through a newly-created subsidiary of their carpet underlay and furniture manufacturing companies, General Felt Industries/Knoll International, previously held 13.9 per cent of Sotheby's.

Sotheby's is expected to publish its defence document later today in which it will explain to shareholders its reasons for rejecting the Americans' bid.

The mergers panel of the Office of Fair Trading will also probably consider the take-over offer at a routine meeting today on the grounds that it involves assets of more than £15m.

Metal Box S. Africa in talks with Nampac

BY DAVID DODWELL

Metal Box South Africa is reviewing its operations and is considering co-operation or merger with Nampac, the country's largest packaging company.

Nampac is 49 per cent-owned by Barlow Rand, the South African mining and industrial giant.

The company's UK parent, which has a 51.2 per cent stake in Metal Box South Africa, said in London yesterday that the review—being conducted jointly by Metal Box, Nampac and Barlow Rand—was intended to "explore whether advantages would be gained from co-operation between, or integration of some or all of the operations and activities" of its South African subsidiary.

A spokesman later clarified: "We are looking into the possibility of developing common interests. The review does not result from current trading or financial positions."

He emphasised that the review was "at an early stage," and that time was needed "to examine the possibilities which are open to the parties involved."

Metal Box South Africa is Metal Box's single largest overseas operation—last year accounting for over 40 per cent of overseas sales, and over a third of profits.

Market rumours of a possible takeover of Metal Box South Africa by Nampac have been strong in South Africa for some time. But an analyst in Johannesburg yesterday cast doubt on these rumours. Substantial investments in new packaging plant are expected to begin paying dividends in 1984

Bellair shares suspended

Bellair Cosmetics yesterday called for suspension of stock market dealing in its shares pending an announcement.

The suspension — with the share price at 78p—comes a week after disclosure by the Fenton Hill Group, a retail shop operator and confectionery and toiletries manufacturer which has a 75 per cent stake in Bellair, that talks were being held which may lead to the sale of its controlling interest.

At that time, the directors of Fenton and Bellair said they were disturbed by the rapid rise in Bellair's share price. On March 28, they stood at 29p.

In January this year, Bellair announced a return to profits in the year to October 31 1982. From losses of £21,000 in 1981, it reported a pre-tax profit of £10,000.

The Fenton board insisted that the disposal price being discussed was "considerably below" the current share price. A bid for the company at 78p a share would value Bellair at almost £2m.

145 companies wound up

COMPULSORY winding up orders against 145 companies were made by Mr Justice Harman in the High Court.

Tony's Taxi Service, Gleamfame, Creaseys of Hertford, William Rosier and Company, J. D. Metalstock, OMC, Tarsis Properties, Gartline, Club Tours (Malta).

Kenblo (Domestic Appliances), Renox Trading, Haslam and Whymark, Parker Electric Vehicle Services, B. and C. Builders Materials (Canvey Island), Branford Engineering, Parchride.

Allstone (Birmingham), Citymore House, Goosemoor Developments, John Bosomworth (Skipton), B. R. Foxwell Builders, Cobbeydale Holdings, Landsbar Estates, Mertenheath.

William John (Access), Yarlend, Law Computer Systems, Searslent, K.J.C. (Catering), Anglia Company Formations, Colne Finishes Company, Jellees, Selectron International.

Downline Promotions, Esterville, P.X. Andrews (Surrey Docks), Zestime, City Communications, Zealbridge, L. Wagstaff (1982), T. C. Tandem and Cycle Centre, Marchesi Holdings.

Osborn Reeves, Kirkrate, Univiro, Anthony Donovan Construction, Millercran, Javalin Investments, Rinkforest, Stakpan Engineering, S and S (Sports), Kerr Components, Harley Investments.

Datebook, D.B.P. Electromec, C. Crabtree (Chemists), Littlehampton Welding Service, HTS—Home Technical Service, Jon-Pac Partnership.

Peachmalt, Air Conditioning Ventilation and Heating (Services), Stabshot, L.N.S. Economy Stores, R.W. Smale and Company, Charwood Construction (Sidcup), Thomas Huckle and Son, Unistore (London).

Autarkic Potentials, Hewerfern, Jelgrange, Nulane Engineering Company, Save Money Stores, Obelisk (Caterers), Transcan Video, Toostride, Loisgarn, Wesco Real Estate.

Pengedata, Vomara Walmestone Nurseries, Creebridge Builders, Allarton Industries, Calleralls Coaches (Southam).

Wipex Products, R. L. Ford (Earthmoving), Ostwind Wilson & Co., Shapecut Machines, Thorpefield Builders, Sulroy Builders (London), Construction and Industrial Services (Wales), P. & R. Halford, Rollmoor, Parke House Garage (Melton).

Everton Coaches, Air Continental, C.E.G. Furrier & Co., Leasehill, A.P.A. Furnishers, Calspace, Midland Sales Staff Register, Miller Golf & Leisure Products.

Rugby Hire Cars, A.L. Scaffolding, Ominex, Sidon Electronics, Brownfield Manufacturing Company, Trinity Trust & Savings, Bridfurn Realisations.

Eastacre, Mann & Cole, Mantroy, Littleford Camber, Roy D. Black, Fovera, Focus Four Construction, Andre Trepal Wines, Bradstar, Bridport Construction Services.

W. Hawkins (Hitchin), Plus Cleansing, Holyork, Sales Professionals, Berwick Timpo plc, Addaworth.

Datacom Business Communications, Eaton's of Aldershot (Stationers), Derrington Plastics, Danpapers, Perlow, Virgin Freight, Goldhawk.

Digital Devices, Fulham Aquarium, Mellowdew Biscuit Company (Coventry), Wallbond Technical Services, Orchid Systems and Services.

Eurohost (UK), Denny Laine, R. Gibbons & Co., Lanatura (U.S.), Lewis Nicholson, Eurospeed International.

Brownhills West Labour Club, Sneb, Priceland.

Pleasurama bid may run into monopoly objection

Pleasurama and Grand Metropolitan are expected to rearrange their joint casino interests in an attempt to avoid Pleasurama's £56m agreed bid for Trident Television running into monopoly objections.

Pleasurama and Grand Met own 25 and 75 per cent respectively of two London casinos, the Ritz and the Casanova Club — Grand Met also holds nearly 30 of Pleasurama's share capital.

While Grand Met is not directly involved in the Pleasurama bid for Trident it is Grand Met which is most concerned about the monopolies implications of the offer, according to Pleasurama.

A merger between Pleasurama and Trident would create a group with five casinos in London and 17 in the provinces. Grand Met's Mecca gaming arm has six clubs in London.

Grand Met is apparently concerned that the share holdings and joint casino interests would persuade the Office of Fair Trading, and in turn the Monopolies and Mergers Commission, that it had too large a position in the market.

Pleasurama said yesterday any solution could not be allowed to reduce its profits from casino operations. Its 25 per cent stakes in the Ritz and the Casanova contributed no less than £4.2m of its £9.5m pre-tax profits last year.

One idea that the two companies have been considering since serious talks began last Friday is a transfer of their interests in the two jointly-owned clubs. Pleasurama could take full control of the Casanova while transferring its quarter share in the much larger Ritz to Grand Met.

A straightforward cash sale of any of its interests is believed to have been ruled out by

UK COMPANY NEWS

Reynolds' consolidation approved

BY CHARLES BATCHELOR

SHAREHOLDERS of Reynolds Diversified Corporation, the Nevada-based energy group which was suspended from trading in London in February 1982, yesterday approved a one-for-ten consolidation of its shares.

The effect of this is to create 200m shares of 10 US cents from the 2bn existing 1-cent shares and, the company hopes, put an end its its "penny stock" image.

Reynolds' new board, headed by London solicitor Mr Lynne Brooke, was subjected to freqoently pointed questioning from oearly 100 shareholders at an extraordinary general meeting held in London yesterday.

The company expects to receive a reverse take-over hid from Pennant Pacific Resources (PPR), a gold and precious metals mining group headquartered in Toronto, Canada, and with a listing on the Alberta Stock Exchange, in Calgary.

Reynolds has given op its attempt to re-list its shares in London under the 163 rule. It was suspended when the Stock Exchange discovered the group oo longer had an over-the-counter listing in the U.S.

Under rule 163 (4), introduced in July 1982, the principal dealings in an overseas company must take place outside the UK, but 6,500 of Reynold's shareholders are UK-based compared with about 1,000 in Australia and 330 in the U.S.

Shareholders questioned the Reynolds board closely yesterday oo the likely price of any offer from PPR in view of the fact that Reynolds owns 46.5 per cent of that company and has three directors on its five-man board.

PPR is a mining exploration company incorporated in Colorado which began life in November 1968 as Goldberg Plastics. It completed negotiations to buy four of Reynolds' Australian gold property interests and changed its name to PPR in January 1983 and obtained an Alberta Stock Exchange listing on March 4.

Mr Brooke said after the meeting that Reynolds had commissioned Guidehouse, a merchant bank — which he refused to name—to advise the independent directors and obtain an independent valuation of its assets on which a bid from PPR would be based.

Reynoldshas extended the acceptance period for its three-for-two $11.25m rights issue to May 27 from April 29.

Reynolds said it has the support of the owners of 55.25 per cent of its shares for the rights issue, comprising 5.73 per cent held by directors and 49.52 per cent from other shareholders whom it declined to name.

The company said it needs a minimum subscription of $9.5m of the total of $11.25m, before expenses, to complete the funding of an hotel development project in Austria and its share of further exploration of oil and gas reserves at Ajman in the United Arab Emirates.

Mr Brooke described Reynolds' purchase of a 10-acre site at Kitzbohel with its 180-room Park Hotel as "purely a property transaction" which did not require a special knowledge of the hotel industry.

The rights issue document reveals however that completion of the deal depends on Reynolds obtaining permission to demolish the existing hotel and to build a new one with 350 rooms and a 700-seat conference centre.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Officials indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

Interims:—Clement Clarke, Energy Capital, Safeguard Industrial Investments.

Finals:—Clive Discount, EIS, Elbar International, English National Investment, Flight Refuelling, John Menzies, Padang Senang Rubber, S. Pearson, H.C. Slingsby, Rush and Tompkins, Solicitors' Law Stationery Society, Tarmac, Turriff.

FUTURE DATES

Interims:—

Anglo Scottish Investment Tst.	May 5
Bass	May 25
Bramhall Board	Apr. 29
Humberside Electronic Controls	Apr. 29

Finals:—

Associated Leisure	May 3
Border Breweries (Wrexham)	Apr. 27
Cakebread Robey	May 23
Copydex	May 6
Gerrard and National	May 4
Hay (Norman)	May 5
Jessel Toynbee and Gillett	Apr. 27
London and Liverpool Trust	May 9
Nurdin and Peacock	May 4
Spear and Jackson Intnl.	May 11

Polly Peck swift to defuse criticism

Polly Peck (Holdings), the citrus fruit packaging group headed by Mr Asil Nadir, acted swiftly yesterday to try to defuse detailed criticisms published over the weekend concerning the group's profitability, the scope and feasibility of its expansion programme and its accounting methods.

The group's statement helped to stabilise the shares, which had at one point fallen to £15. They closed £1.50 down on the day at £18.

Shares in Polly Peck's associated companies fell, with Cornell losing 24p to 143p and Wearwell dropping 13p to 54p.

The main group stressed that its principal packaging subsidiary, Uni-Pac is operating from two citrus fruit packing stations, not one—as alleged in a recent article in the Observer—while a third is in the course of construction and should be operating by the beginning of the 1983 citrus season.

Uni-Pac, Polly Peck asserted, benefits considerably in its citrus business from being a buyer and not a grower of fruit. As it buys only high grade produce, it does not carry the cost of damaged or sub-standard fruit.

It also benefits from having a totally integrated operation extending from the purchase of fruit to the ultimate sale of the packaged product.

This integration is reflected in the very good margins Uni-Pac achieves.

Polly Peck only decided to go ahead with the television assembly and manufacturing project in Turkey, in conjunction with Thorn-EMI after it had received the results of a detailed accounting report. The same scrutiny was also applied to the Niksar water bottling project, *in association with Cornell*, which is due to start operations in October.

Niksar has never been projected to sell an annual 150-200m litres of water within three years or anything approaching that level.

Cornell stated that it continues to be entirely happy with the potential of the project. The local authority has no participation in the scheme although negotiations are in progress which may lead to the municipality receiving a small stake in consideration for an expansion of the project within Turkey.

Cornell's forecast of £3.6m profits from Niksar in its first full year of operation was based on anticipated production of 84.5m litres.

Referring to the ostensibly high debtor position in the last balance sheet, the group declared itself satisfied that adequate provision was made in the accounts and the level of debtors balance was reasonable in the particular circumstances of its business. Polly Peck stressed that it has never been involved in unofficial currency transactions.

RESULTS AND ACCOUNTS IN BRIEF

BRITANNIA ARROW HOLDINGS (finance, property, publishing and distribution)—Results for 1982 reported March 24, 1983. Fixed assets £14.34m (£9.38m). Investments £31.66m (£19.37m). Net current assets £11.5m (£11.85m). Shareholders' funds £50.51m (£34.1m). Payment to a former director on termination of employment £70,000 (nil). Meeting, Ironmongers' Hall, EC, May 19, noon.

BRIDON (manufacturer of wire and wire rope)—Results for 1982 already known. Group fixed assets £36.05m (£36.81m). Net current assets £46.65m (£51.17m). Shareholders' funds £78.42m (£86.23m). Working capital decreased £4.66m (£2.9m increase). Meeting, Chartered Accountants' Hall, EC, May 18, noon.

KLEINWORT BENSON LONSDALE—Results for 1982 reported March 30. Total assets £3.7bn (£3.57bn). Advances £1.34bn (£935.9m). Deposits £2.8bn (£2.41bn). Chairman confident of further progress. Meeting 20 Fenchurch Street, EC, May 17, at 11.45 am.

BRITISH MOHAIR SPINNERS—Results for 1982 already known. Shareholders' funds £14.54m (£13.55m); fixed assets £3.17m (£3.15m); current assets £14.92m (£13.13m); current liabilities £2.55m (£2.23m). Directors say results for next six months should continue to be satisfactory. Meeting: Bradford, May 18, at noon.

R. CARTWRIGHT (HOLDINGS) (door and window furniture).—Results for 1982 reported on March 31, 1983. Shareholders' funds £4.88m (£4.59m); fixed assets £3.16m (£3.11m); current assets £5.36m (£4.57m), including debtors £2.65m (£2.31m); current liabilities £3.3m (£2.78m). Meeting: Birmingham, May 11, at noon.

ANCHOR CHEMICAL GROUP—Results for 1982 reported April 12, 1983. Group shareholders' funds £3.86m (£2.33m). Fixed assets £2.48m (£1.89m). Net current assets £999,874 (£841,758). Bank overdrafts £1.56m (£1.48m). Meeting, Manchester, May 12, 11.30 am.

BENEFICIAL TRUST (banking services, instalment credit and finance leasing) — Results for 1982 already known for this subsidiary of Beneficial Corporation of the U.S. Shareholders' funds £17.18m (£16.58m); current assets £88.38m (£88.08m); current liabilities £41.32m (£24.86m); fixed assets £1.5m (£1.39m); net increase in funds £3.27m (£4.98m).

MINING NEWS

Hard times in Zimbabwe

A GLOOMY picture of Zimbabwe's once prosperous mining industry has been painted by Mr Roy Lander, retiring president of the Chamber of Mines at its annual meeting in Bulawayo. He said that it was in worse shape than at any time in the past 25 years, reports Tony Hawkins from Harare.

Mr Lander said that last year's fall in the value of the country's mining output of 2.7 per cent to Z$383m (£252.8m) made a total decline of nearly 8 per cent from the 1980 peak.

Mr Lander added that stocks in the hands of producers had risen, many companies had experienced losses and investment had fallen. This, of course, mirrors the experience of the mining industry in other countries.

Zimbabwe wage costs of Z$200m a year now represent more than half the total costs of the industry and Mr Lander cautioned the Government against further wage increases, adding that some mining companies would be unable to pay and the ultimate effect would be a further fall in the Zimbabwe currency.

He said that the larger mines last year ran losses of some Z$16m against net profits of Z$40m in 1981 and Z$86m in 1980. Excluding the open-cast project of Wankie Colliery, capital investment in mining fell last year by 45 per cent to its lowest level since the mid-1970s.

Employment fell by 5,000 jobs, or seven per cent, but there were still some 3,000 people on the payroll who were surplus to requirements but were being employed in line with Government policy against retrenchment. He knew of no major expansion projects being con-expansion projects being contemplated.

In the case of the Rio Tinto-Zinc group's Rio Tinto Zimbabwe, however, the near term outlook is less grim. Following the closure of the loss-making Empress nickel mine and other economies Riozim with its new Renco gold mine hopes to return to profitability this year if the gold price holds above $425 per ounce. Riozim made a net loss of Z$5.6m and almost doubled its borrowings last year.

Gemstone trade organisation

THE formation of an international organisation to serve all aspects of the coloured gemstone trade was initiated at the International Precious Stones Congress in Tel Aviv. Nearly 300 specialists from 26 countries representing every stage from geology, mining, gemology, cutting and marketing to financing took part in the event, reports L. Daniel from Tel Aviv.

A committee of delegates from the participating countries will meet in the U.S., it was decided, to plan the new organisation and the twice-yearly congresses to be rotated among the major gem centres.

Problems of supply of rough (uncut) stones, cutting technology, treatments, disclosures, financing, classification and nomenclature are subjects to be dealt with by this body. The move was proposed by Mr R. Naftule, president of the American Gem Trade Association, and was approved unanimously.

Other prominent participants in the Congress included Mr R. T. Liddicoot, president of the Gemmological Institute of America, Mr E. G. Zoyas on sapphires and other gems from Sri Lanka, Mr Jan Kanis on gem sources in central and South Africa, Mr Campbell Bridges on East Africa and other experts from Brazil, India, Thailand, Australia, Kenya and the Far East.

Samancor sees no improvement

THE world's largest producer of manganese, South African Manganese Amcor (Samancor), has had a tough time in the year to February 20 with net attributable profits falling to R14.69m (£8.67m) from R40.31m in 1981 1982. No final dividend is being declared, thus leaving the year's total at 5 cents against 10 cents for 1981-82.

Furthermore, the company says that on the basis of current forecasts it will do well to break even in the current year. Markets for the company's manganese, ferro-alloys and iron ore remain depressed in line with the steel industry.

Samancor decided to mothball its ferro-alloy plant at the U.S. Roane division at Rockwood, Tennessee, resulting in a write-down of assets as well as taking account of future mothballing costs of R34.51m

APPOINTMENTS

Senior post at Thorn EMI

Mr Gary Dartnall has been appointed executive chairman of both THORN EMI FILMS and THORN EMI VIDEO. Mr Brian North (managing director, Thorn EMI Films) and Mr Nicholas Bingham (managing director, Thorn EMI Video) will in future report to Mr Dartnall, who was previously president of the joint venture companies VHD Programs and VHD Disc Manufacturing, based in Los Angeles.

★

Mr David Fielden has been appointed to the board of LONDON AND LIVERPOOL TRUST to be chairman of Hartley Leasing and the company's finance division, responsible for the overall development of LLT's financing and leasing operations. He was director, branch operations, Lloyds Bowmaker Finance Group.

★

Mr J. A. Crabb, vice-chairman of DRG and director of the trading business group, retires on April 30. From May 1 Mr Michael G. T. Webster, a non-executive director of DRG since January 1976, becomes non-executive deputy chairman. He is chairman of Fitch Lovell. Mr J. Moger Woolley, assistant managing director of DRG and director of the packaging business group, assumes in addition responsibility for the manufactured stationery business group. Mr Hans B. Jorgensen, a director of DRG and present director of the manufactured stationery business group, becomes director of the trading business group. He will also take over Mr Woolley's responsibilities in the personnel industrial relations field.

★

Mr Barry Rothschild has been appointed managing director of FULMEN (UK), Fleet, battery manufacturer member of the CEAc group.

★

Dr Colin Phipps, chief executive and deputy chairman of Clyde Petroleum, has been appointed non-executive chairman of TANDATA HOLDINGS. Mr Peter Benton, until recently deputy chairman of British Telecom, and Mr Doug Sarchett, director of Gartmore Investment Management, have been appointed non-executive directors of the company. Clyde Petroleum has 20 per cent and Gartmore 14 per cent holding in Tandata.

★

Mr Thomas F. Blackwell, chairman since 1959, has retired from THE COLNE VALLEY WATER CO. The former vice chairman of the company, Lord Desmond Chichester has been appointed to succeed Mr Blackwell, and Mr J. M. Haseldine, a partner of John Taylor and Sons, consulting engineers, has been appointed vice chairman. Mr John Page was elected a director. Mr M. J. King has been appointed secretary, replacing Mr W. A. Cosgrove who continues as general manager.

★

ICI and Marley have completed negotiations to merge the activities of their respective subsidiaries, ICI Hyde Products and Wallington Weston and Co. The new company, WESTON HYDE PRODUCTS, with headquarters at Hyde, Cheshire, and in which Marley will hold 49 per cent of the equity, ICI 45 per cent, and Barclays Merchant Bank 6 per cent, will start trading on May 1. The board will be Mr Peter Wilson (chairman), Mr John York, Mr Robin Alsher, Mr Derek Bucknall and Mr Dennis Ford. Mr Robert Neale and Mr Gareth Cooper will be joint managing directors. Mr David Williams has been appointed chief accountant and company secretary.

★

Ultrolab AB, Swedish-based manufacturer of clinical chemistry analysers, is to establish a second manufacturing and marketing facility outside Scandinavia. ULTROLAB LTD, has been established to help set up this operation and Mr Richard Morris has been appointed managing director. He comes from Coulter Electronics where he was international marketing manager.

★

EVE CONSTRUCTION has appointed Mr Roger G. Ames as a non-executive director.

★

Mr E. A. Hollis has been appointed a non-executive director of METAL CLOSURES GROUP.

★

STENHOUSE HOLDINGS has appointed Mr Harry Armstrong chairman of Stenhouse Syndicates and its Lloyd's underwriting agency subsidiaries and Mr Derek Biggs has been appointed managing director of these companies following the retirement of Mr Raymond Strange who has been chairman for the past 10 years. Mr Strange remains a director of Stenhouse Holdings and Reed Stenhouse Companies.

★

Mr B. P. Constant has been appointed principal manager, Middle East and Africa division, LLOYDS BANK INTERNATIONAL, in London, from May 3. Mr Constant joins LBI from Union des Banques Arabes et Francaises (UBAF), where, since 1975, he was chief executive of Financial Services, London. He was previously with Unigulf Investment and with the Ottoman Bank.

★

Mr A. Poot has been appointed to the board of PHILIPS ELECTRONIC AND ASSOCIATED INDUSTRIES. He was formerly chairman and senior managing director of the domestic appliances division of NV Philips in Groningen.

Mr A. Poot who is joining the board of Philips Electronic and Associated Industries

★

DEWPLAN GROUP has appointed Mr Gordon Cowen as managing director of its principal subsidiary Dewplan Water Treatment, from May 9.

★

GEC CLAUDGEN has appointed Mr James Cohen as managing director. He joins from GEC Transportation Projects, where he was marketing and proposals director.

★

Mr Michael H. C. Pery has been appointed deputy managing director of SIFAM, Torquay. He joined the Sifam board six months ago, and was previously managing director of Alginate Industries.

★

Mr Geoffrey C. B. Harrison has been appointed deputy managing director of JAMES HALSTEAD, floorcovering subsidiary of the James Halstead Group. He was manufacturing director.

★

Mr Russell Leiman and Mr Michael Thomas have been appointed directors of VICKERS DA COSTA (HOLDINGS) from May 1. Mr Thomas has also been appointed a director of Vickers da Costa, stockbrokers, from May 1. Mr Michael Cassell, Mr Dennis Evans, Mr Joachim Hettich, Mr Ken Holcombe, Mr Adrian Scott Knight, Mr Tim Pethybridge and Mr Tim Potter have been appointed to the senior management of Vickers da Costa.

★

Mr Terence Carter, Mr Michael Hughes, Mr Philip MacNeice, Mr David Pappin and Mr Alan Westmarland have joined the partnership of DE ZOETE & BEVAN, stockbrokers.

★

Mr Ivor M. Thompson, deputy chairman and chief executive of BIP Chemicals, has been elected president of the BRITISH PLASTICS FEDERATION. He replaces Mr G. T. Hawd, marketing director of Shell Chemicals UK.

UK COMPANY NEWS

Petrocon over £1m despite problems

DESPITE a 26 per cent drop from £9.1m to £6.71m in turnover, reduced drilling activity in most parts of tha world, and continuing severe pressure on operating margins, pre-tax profits at Petrocon Group rose from £948,026 to £1.01m in 1982.

The directors say the main reason for the fall in turnover was that the 1981 figures included contributions from Ashford Controls—turnover of £2.07m and pre-tax profits of £101,059—which was sold in December 1981.

The final dividend is raised from 1.75p to 2.5p net, for a total up 50 per cent from 2.5p to 3.75p.

The group, provider of specialist services to the oil and gas exploration and production industries at home and overseas, continued to incur a low tax charge of £106,555 (£122,421), reflecting the extent to which group profits were earned overseas and UK capital allowances.

Attributable profits were £900,320 against £1.06m, which included £232,220 profit on the sale of Ashford Controls. With dividends absorbing £221,436 (£147,624), retained profits were down from £910,201 to £678,884.

Stated earnings per 12½p share improved from 13.98p to 15.25p.

Mr Peter Hodgson, tha chairman, commenting on the prospects of the current year, says: "Much will depend on the degree of stability that can be achieved in oil prices following the latest Opec agreement, and the extent to which demand will rise in tha wake of any international economic recovery. The long-term prospects for the group remain excellent."

S. Lyles makes slight improvement

West Yorkshire based carpet yarn spinner and dyer, S. Lyles, made a small increase in pre-tax profits from £256,929 to £270,747 for the half-year to December 31 1982. Turnover rose from £5.56m to £6.45m and it is running at this improved level in the current six months.

Mr John Lyles, the chairman, says a continuation of favourable current trends—such as the increase in the number of housing starts, the more realistic recent value of sterling and a cootinuing of interest rates at around present levels—should help the company's efforts build up profit margins to a more realistic and worthwhile level.

The tax charge for the half-year was slightly lower at £81,500, against £84,000, and stated earnings per 20p share rose by 0.45p to 4.66p. The interim dividend is maintained at 2.5p net—last year's total was 6.25p.

Exports in the first six months improved from £2.11m to £2.55m.

Lunuva Ceylon slightly down at £366,733

A marginal decrease in profits before tax for 1982 has been shown by the Lunuva (Ceylon) Tea & Rubber Estates, with the surplus lower at £366,733 against £369,233. However, there were extraordinary credits of £1.47m this time compared with £293,371.

The extraordinary surplus was on tha disposal of five-eighths of the company's entitlement to shares in Harrisons Malaysian Berhad of £1.16m and £99,314 in payments from Sri Lanka.

A second interim dividend of 27p net has been declared in lieu of a final. This compares with the previous final of 27p for this company, which is ultimately held by Harrisons & Crosfield. This maintains the total at 33p. Earnings per £1 stock unit are given as 24.66p against 27.72p before extraordinary credits.

In July last year, it was announced that the board would consider with Harrisons & Crosfield what steps to take with regard to the future of the company. Stockholders will be informed immediately proposals have been formulated—they are expected shortly.

Hyman hit by computer losses

PRE-TAX losses of I. and J. Hyman, a manufacturer and converter of plastic foam, rose to £424,190 for 1982 compared with 1981's £346,102. The dividend for the year is held at a nominal 0.1p per 5p share.

The directors blame the results on a combination of unexpectedly severe and abnormal losses in the computer division coupled with a slower upturn in demand for the group's traditional products which produced overall losses in the second six months of £442,166 (£505,203).

In their interim statement they expected results for the full year to be reasonably acceptable.

However, the group has had a "very satisfactory" first quarter in the current year and with the exception of the computer division all companies have operated profitably.

It is pointed out that the group's high investment in technological research and development over the last two or three years, much of which has been written off, is now producing good results.

A combination of these material improvements is already reflecting favourably in group borrowing requirements, the directors state.

Group turnover for 1982 expanded slightly from £20.47m to £22.23m and operating profits advanced from £137,783 to £331,831. However, these were subject to interest charges of £775,223, compared with a previous £496,886. Associates' profits added £19,202 (£13,001).

There were tax credits of £148,798 (£12,661) and minority credits of £112,274 (£164,740) but extraordinary debits rose sharply from £112,173 to £489,609 which lifted the attributable deficit to £657,727 (£280,874).

Loss per share was the same at 0.81p pre-extraordinary items. These comprised losses on realisation of overseas investments £795,808 and reorganisation costs on closure and transfer of operations £101,947, less a surplus on realisation of assets in the UK £408,146.

● comment

Hyman spent last year putting its house — whose foundations are mostly built on the shifting sands of the automotive and furniture industries — into order, so little was expected of its 1982 results. Nevertheless, the market had not expected a 22 per cent increase in pre-tax losses and marked the shares down 3p to 20p. Deferred VAT payments and the cost of financing new technology in the U.S. and UK foam usinesses boosted the interest charge and borrowings now stand at 175 per cent of shareholders' funds. Ironically, Hyman's diversifications away from its recession-prone foam activities were the heaviest drag on profitability. The computer services subsidiary, which has experienced a change of management and hefty redundancies, lost £300,000, while the new fast food company was substantially in the red. The group's tendency to start subsidiaries from scratch may be cheaper than diversifying through acquisition, but its recent experience points to the risks. However, the surgery is now over. Hyman has been able to put up its foam prices, and says the new technology is already leading to better cash flow via improved margins. With the extra orders from the Slumberland interests the group predicts it will at least break even in the current year, even though past trading patterns have been erratic.

Unilever sees little change in economy

FOR 1983 the directors of Unilever believe they must plan on the basis that no significant improvement in economic conditions will take place but that they must make sure that the group is ready for any improvement when it comes.

Revealing this in their review of 1982 they point out that it is important to maintain expenditure in difficult times since it is an investment for the future, as is the group's research expenditure for new and better products.

During 1982 expenditure on research and development totalled £191m, compared with £162m the previous year.

In the course of 1982 a £7.5m extension was opened to the Port Sunlight laboratory, one of the group's three major research laboratories.

The directors say this completed the plan to bring together and strengthen research on detergents and personal products. A substantial investment in new research facilities is planned for the U.S.

An analysis by geographical areas of group capital expenditure for 1982 shows: European Community countries £264m (£259m for 1981), other European countries £27m (£25m), North America £60m (£44m), Central and South America £16m (£23m), Africa £48m (£34m), and Asia, Australia and New Zealand £66m (£60m).

An analysis of capital expenditure by operations shows: margarine, other fats and oils, dairy products £85m (£68m), other foods £114m (£119m), detergents £103m (£82m), personal products £20m (£18m), chemicals £31m (same), paper, plastics, packing £19m (£32m), animal feeds £11m (£10m), UAC International £30m (£19m), and plantations, transport, other interests £88m (£66m).

As already known combined group pre-tax profits for 1982 amounted to £725.4m (£709.2m) from sales of £13.22bn (£11.89bn). The group's NV side made profits of £384m (£354.7m) from sales of £7.77bn (£6.95bn).

COMPANY NEWS

Maintained order level at Vosper

ORDER LEVEL at Vosper is comparable to that of last year, says Sir John Rix, chairman, in his annual statement. There are, however, shortages of orders in various areas of the group, which is the shipbuilding subsidiary of David Brown Holdings.

He says that where orders have been received in recent months, they will not provide a contribution of consequence in the first half and profits, therefore, at the end of this month are unlikely to reach the level of the same period last year.

However, unforeseen circumstances apart, he says the board anticipates a level of profit at the year-end in October which will enable the current level of dividend to be maintained. He hopes, at the time of the interim statement, to be able to report "further encouraging progress" in connection with its claim for *fair compensation for those* assets nationalised in 1977.

Vosper Hovermarine made satisfactory advances in both turnover and trading profit last year, but the increase in volume was not fully reflected in terms of net profit due to the cost of the company's continuing programme of research and development.

The chairman is confident that the development of the HM500 series and other new projects now in progress will give the company a secure future.

Mainwork, which became a wholly-owned subsidiary on November 1 1981 and which had a very successful year in 1982, has started the current financial year slightly short in outstanding orders. But he believes the order position will be corrected in the coming months. The directors, he says, are very encouraged with the progress being made and consider that the prospects for this division are good in the medium to long-term.

Meanwhile, the group's accounts for the year ending October 31 1982 have been qualified. Saffery Champness, chartered accountants, say Yarrow has declined to provide access to the information required for the audit.

At the year-end, shareholders' funds had advanced from £16.38m to £17.21m. Fixed assets stood at £9.38m (£8.84m) and current assets were little changed at £12.46m (£12.37m). *Liabilities* were £14.03m (£14.12m). Net assets employed in the group were £18.68m (£17.18m).

Meeting: Dorchester Hotel, Park Lane, W, May 19 at noon.

RESULTS AND ACCOUNTS IN BRIEF

GENERAL SCOTTISH TRUST (investment trust)—*Final* dividend 2.1p, making same-again 3.1p for year to March 31, 1983. Gross income £1.1m (£1.23m). Net profit £536,000 (£638,000) after interest £79,000 (£151,000), administration expenses £127,000 (£91,000), tax £347,000 (£338,000) and preference dividends £13,000 (same). Earnings per 25p share 2.73p (£3.26p). Total assets less all liabilities £24.69m (£16.16m). Net asset value per share ex-dividend deduction prior charges at market value 124.8p (81.7p). Accounting policy regarding dividend income has been changed, giving rise to minor changes in comparative figures.

HIGHCROFT INVESTMENT TRUST—Pre-tax profits for 1982 £248,694 (£213,413): tax £118,383 (£96,944): attributable profit £130,311 (£116,469). Final dividend 1.9p (1.7p) for total of 3.15p (2.85p). Earnings per 25p share 4.76p (4.25p). *Freehold and leasehold* properties were revalued at December 31, 1982 in the sum of £4.31m: The ensuing surplus over book value of £1.1m has been transferred to capital reserves.

BERADIN HOLDINGS — (Malaysian rubber and oil palm group)—Final dividend of 0.35p making 0.65p (same) for the year to the end of September 1982. Turnover £874,045 (£888,532); pre-tax profits £311,167 (£321,593): tax £172,000 (£172,300): extraordinary debit £2,083 (credit £4,880): earnings per share 0.94p (1.01p). Extraordinary items consist of realised gain on disposal of investments (net of attributable tax) of £34,390 (£4,980) and corporate and restructuring expenses £36,473 (nil).

WILLIAM BAIRD AND CO.—Results for 1982 already known. Group fixed assets £20.6m (£18.12m). Current assets £91.18m (£82.75m). Current liabilities £65.37m (£51.75m). Shareholders' funds £51m (£47m). Meeting, Glasgow, May 12 at noon.

ROWNTREE MACKINTOSH (confectionery)—Results for 1982 reported March 17. Group shareholders' funds £348.2m (£320m). Fixed assets £120.5m (£112.4m). Net current assets £131.8m (£109.3m), including bank balances and short term deposits £73.8m (£33.5m). Reduction in net group borrowings £15.8m (£42.5m). Meeting: York, May 17, 3 pm.

UNITED CERAMIC DISTRIBUTORS (distribution of wall and floor tiles and kitchen furniture)—Shareholders' funds £1m (£988,615); fixed assets £593,131 (£632,763); net current assets £635,194 (£640,576); reduction in net short term borrowings £49,617 (increase £114,964). The company is a close company and its shares are traded on the USM. Meeting: Hagley, nr. Stourbridge. May 20, noon.

BUNZL (cigarette filter, paper and merchanting group) — Shareholders' funds £66.58m (£66.98m); fixed assets £42.25m (£38.13m); net current assets £30.06m (£25.74m); decrease in liquid funds £9.47m (increase £1.65m). American Filtrona Corp. holds 10.3 per cent of ordinary shares. Meeting: The Brewery, Whitbread's, Chiswell St, EC, May 17, 11.30 am.

VIKING RESOURCES TRUST—Dividend 0.5p (0.4p) making 0.9p (0.8p) for year to March 31, 1983. Income £1.58m (£1.3m). Pre-tax profit £714,000 (£737,000) after interest and expenses. Tax £332,000 (£357,000) for earnings per 25p share of 0.86p (0.95p). Net asset value per share 96.9p (81.9p).

APPLEYARD GROUP (car retailer and distributor)—Results for 1982 reported March 19. Group fixed assets £5.45m (£6.07m). Net current assets £1.97m (£3.49m). Shareholders' funds £5.4m (£7.32m). *Decrease in net borrowings* £1.46m (£2.34m increase). At March 24 Mercantile Credit held 24.87 per cent of equity. Meeting, Leeds, May 12, at 3 pm.

BAMBERS STORES (clothing retailer)—Results for 51 weeks ended January 29, 1983 reported April 5. Fixed assets £19.27m (£20.22m). Net current assets £2.42m (£8.23m). Net tangible assets £16.14m (£20.46m). Decrease, in working capital £4.27m (£2m increase). Capital commitments nil (£113,000). Chairman is optimistic about future prospects. Meeting, Barbican City Hotel, EC, May 20, noon.

BESTOBELL (aviation, controls energy engineering and consumer products)—Results for 1982 reported March 24, 1983. Group fixed assets £20.57m (£14.48m). Net current assets £34.1m (£32.85m). Shareholders' funds £42.67m (£40.75m). Increase in external funding £11.87m (£4.98m decrease). Capital commitments £2.72m (£1.02m). Meeting, Institute of Directors, 116 Pall Mall, SW, May 12, noon.

MANDERS (HOLDINGS) (paint and printing ink manufacturer)—Results for the year to the end of 1982 reported March 24 1983. Shareholders' funds £33.12m (£31.46m); fixed assets £22.9m (£21.59m); net current assets £11.17m (£11.07m). Meeting: Wolverhampton, May 4 at noon.

GOOD RELATIONS GROUP (public relations advisers and consultants)—Results for 1982 already known. Fixed assets £315,786 (£286,132). Net current assets £725,824 (£697,681). Bank and cash balances £1.3m (£168,082). Shareholders' funds £982,530 (£958,473). Increase in working capital £1.1m (£262,807). Meeting: 28 Bedford Square, WC, May 11, 2.30 pm.

TECHNOLOGY

EDITED BY ALAN CANE

BIOTECHNOLOGY THINK-TANK ESTABLISHED

Powerhouse for British genes

BY DAVID FISHLOCK, SCIENCE EDITOR

THREE SENIOR British biotechnologists, previously unknown to each other, have just begun brainstorming sessions in a government laboratory in London.

If their job is successful over the next two years, the trio could have a major role in shaping the development of biotechnology as a new industrial activity for UK Limited.

Their job was dreamed up by Dr Ron Coleman, the Government Chemist, appointed by government as the nation's chief biotechnologist. Dr Coleman, who has spent his career in national laboratories such as Aldermaston and the National Physical Laboratory, wanted industrial expertise in monitoring national investments in biotechnology.

Initially, he admits, this idea was "not well received," until consultants recommended that Britain should copy Japan in having a high-level industrial steering committee. What Dr Coleman wanted was not more part-time industrial advisers—in his experience, the Department of Industry's requirements boards rarely identify a new requirement for R and D but merely pass judgment on what they are offered. What he wanted were full-time industrial advisers who would spend their time looking for new initiatives the government might take to help industry.

Around the end of last year, he finally convinced Mr Patrick Jenkin, Secretary for Industry. Sir Peter Carey, permanent secretary at the DoI, wrote to six captains of industry—all big companies, "in the hope that they could spare someone"—asking if they would lend Dr Coleman a senior biotechnologist on full pay (to be met by the DoI) for a couple of years.

He is delighted with the response. British Petroleum, Glaxo and ICI have all seconded men of considerable but significantly different experience. With Mr Roy Dietz, his lieutenant responsible for the new unit, he has begun since Easter to weld his advisers into a team. "It's not a thinktank," says Mr Dietz: "It's more of an action group or ginger group."

To introduce them briefly: most senior is Dr Peter Muggleton, who retired last month at 60 after over 40 years with Glaxo. His career in biotechnology began in helping to make the first production quantities of penicillin, using milk bottles for fermenters. His last year was spent as research director of Glaxo Animal Health, a new subsidiary. Unlike his colleagues, he has left his company and hopes industry will accept him as truly independent.

Mr Pat Gould, has spent 26 years with BP, where in the late-1960s he was manager of the 4,000-tonne demonstration single-cell protein fermentation plant at Grangemouth. More recently he has been exploring new technology at BP's main research centre at Sunbury. For Dr Gould, with perhaps more production and process plant experience than his colleagues, the new job "seemed an interesting opportunity to do something different."

Dr Alan Coleman spent eight years in the biochemistry department of ICI Pharmaceuticals, then three in the 55-man biosciences group at ICI central research, seeking corporate outlets for genetic engineering. "I've always been very keen on the relevance of the research product to the market place," he says. He sees the new job as the one he was doing for ICI—but from a national perspective.

The job Ron Coleman wants them to do is to tell him what Britain should be—but is not—doing about biotechnology: what jobs, what companies, what industries might disappear if Britain does not take action now. In short, he wants them to pinpoint the gaps in the national biotechnology strategy.

In fact, there is no such strategy; and biotechnology sprawls across almost the whole canvas on industry in potential uses. So their first task is to settle areas of priority. One must obviously be to strengthen the UK process plant industry, for which DoI is sponsoring department.

They start with two excellent reference points. One is a commitment of DoI funds to about 20 industrial projects. They range (as the table shows) from new facilities in government laboratories to support collaborations and "clubs" in industrial research, to specific investment in industrial biotechnology processes such as the continuous cell culture of monoclonal antibodies by Celltech. So far, the DoI has committed about £9m to supporting such projects.

The second is that, since Mr Jenkin announced a £16m DoI investment for biotechnology last November, the department has received more than 2,300 approaches for financial support and consultancy.

Nevertheless, in almost every case so far the government has been responding to initiatives rather than taking any itself. On the other hand, Dr Muggleton contends that although the health-care industries are in the van of the biotechnology revolution, British drug companies have been "a bit slow." in waking up to the fact. "Perhaps our most useful role is to identify those areas in Britain where biotechnology will have a useful product and persuade industry to go along that road."

Dr Alan Coleman says the case for the drug born of genetic engineering is still unproven. But he believes that biotechnology is capable of creating better drugs than the chemical syntheses used today.

One way may be chemically to synthesise complex polypeptides in the laboratory using the so-called "gene machines," then use genetic engineering techniques to transplant these chemicals into microbes. Provided the genetically modified microbes can be persuaded to breed, the company can be assured of very accurate copies of the original chemical, through biotechnology. Dr Muggleton adds that "the greatest impact of biotechnology may never be seen or known to the ultimate consumer." It may simply be an energy-saving step or a way of shortening the synthetic process.

The group is agreed that Britain is commercially weak in enzymes. Novo (Denmark) and Gist Brocades (the Netherlands) dominate this market at present. Worldwide, the market is put as £250m a year already and thus is worth entering. The skill lies in finding more useful enzymes that can be mass-produced cheaply by biotechnology.

Alan Coleman reports how ICI researchers developed an enzyme that detoxified cyanide but were rejected because ICI divisions said they were satisfied with present pollution control methods. So they advertised their discovery—and were flooded with inquiries outside the company. For Dr Muggleton, the story underscored the profits to be made from marketing biotechnology as a service rather than as a product.

Peter Muggleton is convinced that within 15 years most vaccines will have some genetic engineering in them. The problem for industry is that profits from vaccines are low—he *doubts that they total £1m from* human vaccines for all UK companies—while animal vaccines are loss leaders.

Genetic engineering may well succeed in cleaning up vaccines—taking the neuro-toxic agent out of whooping cough vaccine, for instance—"but I shudder to think what the cost will be."

But Ron Coleman's "ginger group" does not have to worry about money, he stresses. "If they're doing something useful there will be more money."

SOME NEW DoI BIOTECHNOLOGY INVESTMENTS

		£m
Porton	Two big fermenters	2.00
Porton/LGC	Biosensors	0.30
Harwell/Warren Spring	Separations club	1 80
Harwell-Pirbright	Vaccines	0.75
Patscentre/Matthew Hall	Continuous fermentation	0.70
ICI	Pruteen development	*
ICI	PHB development	*
Commonwealth Agricultural Bureau	Fungi collection	0.10
Laboratory of the Government Chemist	Screening	0.30
Celltech	Continuous cell culture	*

* Not disclosed

Biotechnology action group. Front (L-R) Dr Peter Muggleton, Dr Alan Coleman and Dr Pat Gould. Behind them (L-R) are Dr Ronald Coleman, the Government Chemist, with two officials from the Laboratory of the Government Chemist, Mr Roy Smither and Mr Roy Dietz

VIDEO AND FILM BY JOHN CHITTOCK

Video disc arguments revived

WITH THE launch in Japan last week of JVC's VHD video disc system, the arguments about the video disc have been revived. Some observers have written it off—especially as a consumer product—pointing to poor sales in both the U.S. and UK of optical video disc systems (viz, marketed by Philips and Pioneer).

Yet of the three rival systems now commercially available (albeit not together in one single country), the simplest—that produced by RCA—is achieving results which must cause the cynics to think again. For a start, RCA have reported a 100 per cent increase in sales of their SelectaVision system in the first quarter of 1983 compared with the same period last year.

Alongside the millions of videocassette recorder sales, the actual figures may seem unimpressive — 130,000 RCA players in the U.S. in 1982—but U.S. sales of discs are booming. For the RCA system, some 4m discs were sold in 1982—almost the same number as pre-recorded VHS videocassettes. Adding statistics of optical disc sales, it is generally believed that the average video disc owner purchases at least 25 discs per year.

A survey of owners of RCA players has revealed that 23 per cent of them also own a videocassette recorder—giving credence to the belief that cassettes and disc will co-exist in the home. Each has its special role to play.

Yet the RCA disc system is *the one least able to challenge* the videocassette in terms of versatility. Its appeal has been achieved by very low pricing of the players—sometimes discounted at $199—and the number of titles available (currently 650, and expected to be 1,000 by the end of the year). In the UK, the Philips optical system—with under 200 titles available—is still an interesting piece of hardware with little programming to drive it.

Regrettably RCA's relative success in the U.S. may have the effect of emphasising the price advantage of the video disc to the exclusion of potentially more important benefits. The ease with which moving pictures and still pictures can be precisely accessed and viewed on video discs may prove more important, although the public is still widely unaware of this.

A rare example of the real consumer potential has been seen by a few people in London recently at private screenings of Thorn EMI's motor car maintenance disc. This is the first major Thorn EMI production designed to utilise the unique advantages of the video disc (despite the company's suspended decision to market the VHD system in UK).

The motor car maintenance disc represents a substantial effort by producer Peter Morley in discovering a new grammar for the medium. Taken in conjunction with its imaginatively designed "record sleeve," it provides the viewer with an indexed manual of moving (and still) pictures on most aspects of motor car maintenance.

Thus the printed index on the sleeve contains 286 entries—from Aerials to Zinc gauze—each of which is encoded so that the user can call it up on the disc. With occasional symbols superimposed over the moving picture, the viewer is advised at what points to use single frames, the alternative sound track (there are two), slow motion or even to cross refer to other parts of the disc.

Consumer interest in this could be considerable. There is probably no other way to learn, unaided, how to tune an engine by both visual and audio means step-by-step (although the Guild Organisation has just released a videocassette—*Me and My Car*—which tackles this on less versatile tape).

Viewers of the new Channel Four photography series, *What a Picture*, are unlikely to realise that this too has been planned for ultimate release as a video disc. Publishers Mitchell Beazley who made this with (again) Thorn EMI, have a great deal of unused material which was planned and shot for later use in video disc modules—designed as moving picture and still frame extensions to an accompanying book about photography.

Ironically, the real consumer impact of video disc may be inspired by industrial and professional users. While the disc manufacturers have generally played safe in their consumer marketing strategies—putting the emphasis on popular movies—a great deal has been going on in industry and education, exploring and exploiting the novel advantages of the disc.

Such is the interest that many industrial companies in the UK have imported NTSC disc players from the U.S. for use in training, point of sale and similar applications. Educational uses also proliferate, with for example many U.S. schools making regular use of video

These ideas may see elaborate and expensive and a far cry from the consumer; but they serve to emphasise how the video disc really is different, so that perhaps the innovators and the entrepreneurs may find ways of opening up the mass market where the video disc manufacturers have so far largely failed. Separate projects in UK, France and U.S. are now underway to put art collections on video disc and America now has its first adult movie on disc, Insatiable. When the potential for the Kama Sutra frieze—mixing both art and sex—is discovered, perhaps this could really signal *la difference* of the video disc.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Group. Sternberg, Thomas Clarke & Co. are placing 15,604,064 Ordinary Shares of 10p each at 14½p per share. Shares have been offered to and are available through the market.
The Directors of the Company have taken all reasonable care to ensure that the facts stated herein in regard to the Group are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any such statement herein whether of fact or opinion. All the Directors accept responsibility accordingly.
The Directors of Taddale have taken all reasonable care to ensure that the facts stated herein in regard to Taddale are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any such statement herein whether of fact or opinion. All the Directors of Taddale accept responsibility accordingly.
Application has been made to the Council of The Stock Exchange for the Ordinary share capital of the Company already in issue and proposed to be issued to be admitted to the Official List.

EDMOND HOLDINGS plc

(formerly Allied Residential Public Limited Company)
(Registered in England – No. 1560213)

As used herein – "the Company" means Edmond Holdings plc (previously called Allied Residential Public Limited Company)
"Taddale" means Taddale Investments P.L.C.
"the Group" means the Company and its subsidiaries

On 30th March, 1983, the Company entered into a conditional agreement ("the Acquisition Agreement") to acquire from Taddale a portfolio of properties in consideration of the sum of £2,780,000 to be satisfied by the issue of 19,857,142 Ordinary Shares of 10p each in the Company, credited as fully paid. The Acquisition Agreement is now conditional only upon the granting by the Council of The Stock Exchange of the application referred to above. This document has been prepared on the basis that the Acquisition Agreement has been completed and that certain matters which have been agreed to take effect thereon or thereafter have already taken effect.

SHARE CAPITAL

Authorised £		Issued and to be issued fully paid or credited as fully paid £
4,250,000	in Ordinary Shares of 10p	3,985,714

BORROWINGS

On 18th April, 1983 the Group had outstanding secured bank and other loans of £517,635, secured overdrafts of £2,875,207, hire purchase liabilities of £80,064 and contingent liabilities of £276,870 in respect of performance bonds. Save as aforesaid and except for intra-group borrowings and guarantees, no member of the Group had at that date any loan capital outstanding or created but unissued, or any borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments, or guarantees or other material contingent liabilities.

DIRECTORS
David Walsh LLB *(Chairman)*
33 Barn Hill, Wembley Park, Middlesex HA9 9LF.
Graham Hamilton Maw FCA *(Managing Director)*
111 Wolfreton Lane, Willerby, Hull, North Humberside HU10 6PS
David Ian Dennett MA (Cantab)
7 Aston Hall Drive, North Ferriby, Hull, North Humberside HU14 3EB.
John Sefton Smith
82 Green Lane, Middlesbrough, Cleveland TS5 7SL.
Joseph Benjamin FRICS,
8 Eaton Place, London SW1X 8AD.
Michael Richard Carlton
Albert Lodge, 18 Victoria Grove, London W8 5RW.
James Robert Templeton
4 Vandon Court, Petty France, London SW1H 9HE.

SECRETARY AND REGISTERED OFFICE A. R. J. Cartwright FCA, 1 East Street, Tonbridge, Kent TN9 1HP.

STOCKBROKERS Sternberg, Thomas Clarke & Co., Provincial House, 218-226 Bishopsgate, London EC2M 4QD and at The Stock Exchange.

BANKERS Midland Bank plc, 32 Beverley Road, Hull, North Humberside HU3 1YF.

SOLICITORS To the Company: Rollit Farrell & Bladon, King William House, Market Place, Hull HU1 1YJ.
To Taddale: Durrant Piesse, 73 Cheapside, London EC2V 6ER.

REPORTING ACCOUNTANTS Peat, Marwick, Mitchell & Co., Chartered Accountants, 1 Puddle Dock, Blackfriars, London EC4V 3PD.

AUDITORS TO THE COMPANY Hodgson Harris, Chartered Accountants, Queen Victoria House, Guildhall Road, Hull HU1 1HH.

REGISTRARS AND TRANSFER OFFICE Ravensbourne Registration Services Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

HISTORY AND BUSINESS

The Company was incorporated on 11th March, 1981 as a public limited company, its share capital being owned as to 50 per cent. by Allied Plant Group PLC ("APG") and as to 50 per cent. by Thames Investment & Securities PLC ("Thames"). The Company was formed with a view to acquiring the housebuilding interests of APG and the residential development and building financing interests of Thames and, thereafter, acting as the holding company for the resulting Group.

On 28th May, 1981 the Company issued a Prospectus in connection with the issue of 4,500,000 Ordinary Shares of 10p each and on 3rd June, 1981 the Ordinary share capital of the Company was admitted to the Official List by the Council of The Stock Exchange.

On 3rd December, 1982 APG sold its shareholding in the Company to Taddale and on 9th December, 1982, following the announcement by the Board of the Company that conditional terms had been agreed for the purchase from Taddale of a property portfolio ("the Taddale portfolio"), the listing of the share capital of the Company was temporarily suspended by the Council of The Stock Exchange at the request of the Company.

On 30th March, 1983 the Company announced that contracts had been exchanged for the sale to Fordanchor Limited ("FL") (a company controlled by Mr. S. J. Crossley, then a director of the Company) of the issued ordinary and deferred share capital of Ermine Securities Limited, a subsidiary of the Company ("the Crossley Agreement"). It was also stated that the Company proposed to seek shareholders' approval to a capital reorganisation ("the Capital Reorganisation") involving a capital reduction scheme ("the Capital Reduction") and a rights issue to existing shareholders to raise approximately £1,350,000, net of expenses, additional capital for the Company ("the Rights Issue").

Details of the Acquisition Agreement, the Crossley Agreement and the Capital Reorganisation were sent to shareholders of the Company on 31st March, 1983 and at an Extraordinary General Meeting of the Company held on 25th April, 1983 resolutions were passed (inter alia) approving the Acquisition Agreement, the Crossley Agreement, the Capital Reduction and the Rights Issue, increasing the authorised share capital to £4,250,000 and changing the Company's name to "Edmond Holdings plc". This change of name became effective on the same date. Further details of the Acquisition Agreement, the Crossley Agreement and the Capital Reorganisation are set out under "General Information" below.

The Group's principal activity is housebuilding, mainly centred on Hull and the surrounding areas of Humberside and North Yorkshire. The Group is currently engaged in eight projects, the largest of which is the development of 100 small residential houses at Stoneferry, Hull. Work commenced in November 1982 and is estimated for completion in June 1984. The Company's site at Market Weighton is in the final phase of development of 18 small residential houses, 5 of which have been completed and sold. The remainder are scheduled for completion within the next 6 months. Development of approximately 220 units on another six sites held by the Group are at various stages and are due to be completed over the next 2 years.

The Group will hold the Taddale portfolio for investment purposes and intends to expand this portfolio when suitable opportunities arise.

DIRECTORS, MANAGEMENT AND STAFF

Following the Extraordinary General Meeting of the Company held on 25th April, 1983 Mr. M. R. Heathcote resigned as a Director of the Company upon payment to him of the sum of £10,000 by way of compensation for loss of office. In addition, Mr. S. J. Crossley resigned as a Director and the company secretary upon completion of the Crossley Agreement and upon payment to him of the sum of £25,000 by way of compensation for loss of office. On the same day Mr. D. Walsh, Mr. D. I. Dennett, Mr. J. S. Smith, Mr. J. R. Templeton and Mr. M. R. Carlton were appointed to the Board. The Board now comprises:—

Mr. Walsh, aged 48, is non-executive Chairman of the Company. He is a solicitor and has been a Director of Taddale since April 1974.

Mr. Maw, aged 42, is Managing Director of the Company. He is a Chartered Accountant and has been with Edmond (Builders) Limited, a subsidiary of the Company, for 20 years and a Director of that company for 12 years. He has overall responsibility for all aspects of the Group's activities. He has a full-time service agreement with the Company for a period of 3 years from 28th May, 1981.

Mr. Dennett, aged 38, is Construction Director of the Company. He has been employed by Edmond (Builders) Limited for 13 years and a Director of that company for 12 years. He is responsible for all construction activities of the Group. He has a full-time service agreement with the Company for a period of 3 years from 28th May, 1981.

Mr. Smith, aged 49, is an Executive Director with responsibility for the management of the Taddale portfolio. Mr. Smith has been involved in the management of these properties for the last 20 years and was an Executive Director of the companies which owned the Taddale portfolio.

Mr. Templeton, aged 56, is an Executive Director with responsibility for property investment. Mr. Templeton was appointed as an Executive Director of Taddale Properties P.L.C., a subsidiary of Taddale, in August 1982.

Mr. Benjamin, aged 48, is remaining on the Board in a non-executive capacity. He is a Chartered Surveyor and the Chairman and Chief Executive of Thames, which he formed in 1973. He has more than 25 years' experience in property development with substantial property companies and in private practice.

Mr. Carlton, aged 39, is a non-executive Director. Mr. Carlton is the Chairman of Taddale of which he has been a Director since April 1980. He has been actively engaged in property investment for a number of years as an executive of several listed property companies and will advise the Group on its proposed investments.

Details of the service agreements of Mr. Maw and Mr. Dennett and the Company's Share Option Scheme are set out under "General Information" below. It is not intended that any of the other Directors of the Company should have service contracts.

The Company also employs an architect, Mr. J. Armitage, aged 38, who is responsible for design and town planning matters within the Group. Mr. Armitage has a service agreement with the Company for a period of 3 years from 28th May, 1981.

The Group has approximately 85 employees.

VALUATION OF PROPERTIES

The properties acquired from Taddale have been independently valued for the purpose of the acquisition by Edward Tish & Partners, Surveyors and Valuers, and a copy of their Valuation Report is set out below. This shows that the open market value of the portfolio as at 31st December, 1982 is £2,782,253 and that the current net annual rental from the portfolio as shown by the Valuation is £283,522.

The properties owned by the Group have been revalued as at 31st December, 1982 by Donaldson & Sons, Chartered Surveyors, and as at 26th November, 1982 by Edward Tish & Partners, Surveyors and Valuers, for the purpose of this document. Copies of their respective Valuation Reports are set out below.

The aggregate value of the Group's properties (including the Taddale portfolio) as shown by these Valuations is £8,358,828.

PREMISES AND PLANT

The Company occupies freehold premises at Ferndale Avenue, Willerby, Hull. These premises comprise 8,696 sq. ft. of offices, stores and workshop and a builders' yard of 0.228 acres.

Although the Group owns some of the plant and machinery required for construction activities, it hires most of it as and when necessary and this practice will continue.

ASSETS AND PROFITS

There is set out below a pro forma statement of the net tangible assets of the Group (incorporating the Taddale portfolio) which on the basis mentioned therein, shows that the net assets of the Group following completion of the Acquisition Agreement and the Capital Reorganisation will be £5,033,000 representing approximately 12.6p per Ordinary Share.

Information regarding the adjusted results of the Group for the five financial years ended 31st December, 1982 is contained in the Accountants' Report set out below.

PROFIT FORECAST

The Directors consider that, in the absence of unforeseen circumstances, the profits, before tax, of the Group for the financial year ending 31st December, 1983 will be not less than £575,000.

The foregoing forecast has been prepared on the basis of the following principal assumptions:—

(a) there will be no material adverse change in the residential property market;
(b) the present level of interest rates will remain substantially unchanged;
(c) there will be no material changes in legislation adversely affecting the business of the Group;
(d) there will be no major disruption of the Group's business due to industrial disputes, business failures or unusually adverse weather conditions;
(e) there will be no major escalation in the present rate of inflation in the United Kingdom.

The following are copies of letters received from Peat, Marwick, Mitchell & Co. and from Sternberg, Thomas Clarke & Co. in regard to the above profit forecast:—

Peat, Marwick, Mitchell & Co.,
1 Puddle Dock,
Blackfriars,
London EC4V 3PD

25th April, 1983

The Directors,
Edmond Holdings plc,
1 East Street,
Tonbridge,
Kent TN9 1HP

Gentlemen,

We have reviewed the accounting policies and calculations for the profit forecast of Edmond Holdings plc and its subsidiary companies ("the Group"), for which the Directors are solely responsible, for the year ending 31st December, 1983, contained in the Exchange Telegraph Card to be dated 25th April, 1983.

In our opinion the profit forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the assumptions made by the Board set out in the Exchange Telegraph Card and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,
PEAT, MARWICK, MITCHELL & Co.,
Chartered Accountants.

Sternberg, Thomas Clarke & Co.,
Provincial House,
218–226 Bishopsgate,
London EC2M 4QD
and at The Stock Exchange

25th April, 1983

The Directors,
Edmond Holdings plc,
1 East Street,
Tonbridge,
Kent TN9 1HP

Gentlemen,

We have discussed with you and with Peat, Marwick, Mitchell & Co., the profit forecast for your Company for the financial year ending 31st December, 1983, together with the assumptions on which it is based, as set out in the Exchange Telegraph Card to be dated 25th April, 1983. We consider that the profit forecast (for which the Directors of your Company are solely responsible) has been made after due and careful enquiry.

Yours faithfully,
STERNBERG, THOMAS CLARKE & Co.

DIVIDENDS

In the light of the above profit forecast and subject to Court approval of the proposed Capital Reduction, it would be the intention of the Directors, subject to unforeseen circumstances, to pay or recommend total dividends on the increased Ordinary share capital of not less than 1p (net) per share for the financial year ending 31st December, 1983. These dividends would be paid as to 0.25p per share (net) by way of interim dividend in October 1983 with the balance of not less than 0.75p per share (net) by way of recommended final dividend payable in April 1984.

FUTURE POLICY

It is the intention of the Board of the Company to expand the Group's housebuilding activities and also to take full advantage of the wide experience of the new Directors to develop the Group's remaining properties. It is intended to add, where appropriate, to the Group's property portfolio by investment in further residential, investment and development properties and companies in the United Kingdom.

WORKING CAPITAL

Having regard to the bank and other facilities available and taking into account the net proceeds of the Rights Issue, the Directors are of the opinion that the Group has sufficient resources to meet its present working capital requirements.

VALUATIONS

The following are copies of valuations received in respect of the Group's properties:—

Donaldson & Sons,
20 Park Place,
Leeds LS1 2SJ.

25th April, 1983.

The Directors,
Edmond Holdings plc,
1 East Street,
Tonbridge,
Kent TN9 1HP.

Gentlemen,

Property Portfolio Valuation

In accordance with your instructions we have now completed an inspection of the freehold properties set out in the attached schedules, in order to advise you as to their current open market value.

Edmond Properties Limited

Throughout our Report, Edmond Holdings plc and its subsidiaries, Edmond Properties Limited, and Edmond (Builders) Limited, are referred to as "Edmond Properties".

Date of Valuation

Our Valuations have been prepared as at 31st December, 1982.

Open Market Value

In the preparation of our Valuations, properties completed and available for sale and properties available for sale on completion of development have been valued with the benefit of vacant possession and on the basis of information supplied to us by Edmond Properties. The properties held as investments have been valued subject to and with the benefit of the existing leases, details of which have been supplied to us by Edmond Properties.

We confirm that, in all cases, we have valued the properties on an open market value basis, taking into account the Practice Notes issued by the Royal Institution of Chartered Surveyors in August 1976 and April 1981.

No allowance has been made in our valuation for expenses of realisation of any taxation liability arising on the sale of properties.

Local Authority Information

In all cases, we have been supplied with copies of the town planning consents, applications for town planning consents, and correspondence relating to any amendments thereto. Other information which we have obtained from Local Authorities regarding town planning and highways has been obtained orally. We believe that the information with which we have been furnished is correct, but we cannot accept any liability for incorrect information provided to us.

Repair

We have not carried out structural surveys of any of the properties, nor have we been able to inspect those parts that are covered, unexposed or inaccessible. We are unable to report, therefore, that any of the properties are free from defect.

High Alumina Cement

In recent years there has been a great deal of publicity given to the use of High Alumina Cement in building construction. Portland Cement is normally used in the manufacture of pre-cast products and, therefore, only a small minority of buildings in the UK are affected. It has not been possible to identify the presence or absence of High Alumina Cement during our investigations and when preparing the valuations we have assumed it has not been used.

Tenure

We understand that the relevant companies in Edmond Properties own the freehold interest in all the properties set out in the attached schedules. We have not inspected the title deeds and for the purpose of our valuation have assumed that there are no encumbrances, mortgages or onerous or unusual covenants, except those which have been drawn to our attention by the solicitors to Edmond Properties.

Valuation

We have valued all the properties named in the attached schedules in accordance with the assumptions set out above and have pleasure in reporting to you that, in our opinion, as at 31st December, 1982, the current open market value of the interests held by Edmond Properties in these properties with the benefit of vacant possession in the case of the properties specified in the First, Second and Fourth Schedules (except where otherwise stated) and subject to the leases and tenancies in respect of the properties specified in the Third Schedule to be at or about £4,051,575 (Four Million and Fifty One Thousand, Five Hundred and Seventy-Five Pounds).

Finally, we must state that the content of this report is for the sole use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. Further, neither the whole, nor any part of this valuation report, nor any reference thereto may be included in any published document, circular or statement, nor published without our written approval, of the form and context in which it may appear.

Yours faithfully,

DONALDSON & SONS,
Chartered Surveyors.

FIRST SCHEDULE—Freehold Properties being Developed or Ready for Sale

Property	Description	Tenancies arranged	Present Capital Value in existing state £	Estimated completion and occupation dates	Estimated cost of completing development £	Capital Value when completed for sale £
Glebe Road, Stoneferry Hull, Humberside	Recently commenced development of 100 residential units on site of 8.5 acres approx. Planning permission granted 15th September, 1982 (No sales yet completed)	—	405,500	March 1984	1,207,000	1,933,000
Marton Road, Bridlington, North Yorkshire	Recently commenced development of 7 residential units. Planning permission granted on 28th April, 1982. All 7 for sale.	—	125,000	June 1983	70,000	222,000
Elm Farm, St. Hilda's Street, Sherburn, North Yorkshire	Recently commenced development of 28 residential units. Planning permission granted 6th April, 1982 (10 units under construction)	—	125,950	phased between October 1983 and June 1984	303,700	535,650
Londesborough Road, Market Weighton, Humberside	Development of 18 residential units nearing completion. Planning permission for 18 units granted 18th December, 1978 (2 sold)	—	235,000	December 1983	62,900	305,000
Constable Road, Howes Road, Hunmanby, North Yorkshire	Phase II of residential estate with planning permission for 58 units granted 11th November, 1981 11 units currently under construction	—	304,500	phased between June 1983 and June 1984	588,000	1,074,100
Boothferry Road, Newport, Humberside	Phased developments totalling 150 units. Phase I and II under construction totalling 40 units of which 34 not yet sold. Outline planning permission for part of site granted 5th December, 1978 and for remainder of site on 5th April, 1978, detailed consent for parts of site granted: 19th January, 1980; 6th August, 1980; 1st July, 1982	—	595,000	1988	1,742,000	2,566,000
Larchmont, Elloughton, Humberside	3 substantial detached houses under construction being last of development of 12 houses. Planning permission granted 2nd June, 1978	—	166,500	May 1983	40,000	213,000
Butt Lane, Tickton, Beverley Humberside	Development of 74 residential units with 35 units remaining to complete planning permission granted 19th August, 1980	—	495,000	October 1983	411,000	1,050,000
			£2,452,450		£4,435,600	£7,898,750

SECOND SCHEDULE—Freehold properties held for future development

Property	Description	Terms of existing leases or underleases	Present capital value at existing state £
Glebe Road, Stoneferry Hull, Humberside	1.8 acres approx. proposed extension to Glebe Road Estate. Planning permission not yet applied for	—	55,000
Middle Farm, Bilton Humberside	153.77 acre arable farm. There is no planning permission for development	Tenant holds under an agreement dated 1st August, 1970 at £4,820 per annum. Landlord repairs main structure and insures	100,000
St James Close Sutton on Hull, Humberside	Single plot on residential estate planning permission granted February 1983	—	4,000
Stephensons Walk, Cottingham, Humberside	Single plot on corner of Endyke Lane and Stephensons Walk planning consent for single dwelling refused	—	Nil
Inglemire Lane, Cottingham, Humberside	4 acre paddock fronting Inglemire Lane Planning consent for residential development refused	—	10,000
Sportsground, Springhead Avenue, Hull, Humberside	Site for 50 residential units outline consent for residential development granted by way of Section 52 Agreement on 12th May, 1982. Detailed planning permission applied for on 23rd December, 1982	—	300,000
Wood Lane, Beverley, Humberside	Planning permission for 21 units granted 27th September, 1982	—	140,000
Kitchen Lane, Beverley Humberside	2.188 acres allocated residential. No planning permission at present	Grazing tenancy terminable at 1 months' notice	40,000 (see Note 1)
Butt Lane, Beverley, Humberside	3.62 acres allocated residential. No planning permission at present	Cottage let at 50p per week terminable at 1 months' notice	90,000 (see Note 1)
Victoria Road, Beverley, Humberside	12.44 acres. Outline consent for residential development granted on 15th April, 1982.	—	380,000 (see Note 1)
Westwood Road, Valley Drive, Scarborough, North Yorkshire	726 sq. yds. with potential for amalgamation with adjoining site of 2.4 acres not in the ownership of Edmond Properties	—	6,500
Golden Strip, Wesley Close, South Cave, Hull, Humberside	Edmond Properties own a strip of land at the end of Wesley Close which provides an access to an adjoining site (not owned by Edmond Properties) of 12.57 acres on which planning permission has been allowed on appeal for 86 houses on part of the site	—	5,000 (see Note 2)
Golden Strip, Ferguson Road, Walkington, Beverley, Humberside	Edmond Properties own a strip of land at the end of Ferguson Road which provides an access to an adjoining site (not owned by Edmond Properties) of 2.48 acres which has become available for residential development	—	Nil
Keldgate/Minster Moorgate, Beverley, Humberside	Planning permission for 45 houses and 17 flats granted on 9th June, 1981 together with a further plot of land 2,028 sq. yds. with no planning permission	—	220,000
			£1,330,500

Notes:
(1) We have taken account in our valuation of the existence of an agreement made between Beverley Borough Council and Needler Developments Limited which could result in the property being compulsorily acquired.
(2) This figure reflects the value of the land to the owner of the adjoining site.

THIRD SCHEDULE—Freehold properties held as investments

Property	Description	Terms of existing leases or Underleases	Estimated current net annual rental before tax £	Present capital value in existing state £
149–195 Ark Royal, Bilton, Nr Hull, Humberside.	24 leasehold flats in 3 blocks with nearby garage court brick built in 2 storeys beneath pitched concrete tiled roof with gardens to all sides built early 1970s.	Subject to lease for 99 years from 1st May, 1975 at £360 per annum without review.	N/A	2,625
3 Sherbrooke Avenue, Hull, Humberside.	Mid-terraced house built 1930s, brick walls beneath pitched clay tiled roof.	Unwritten unfurnished tenancy landlord repairs external items major interior and insurance.	472 per annum	5,300
Turnberry Court, 439 Holderness Road, Hull.	Block of 8 flats and 7 garages brick built beneath pitched clay tiled roof garage court to rear with joint access built mid 1960s.	7 flats sold subject to lease expires 2072 total ground rent £105 per annum without review 1 flat subject to tenancy with tenant responsible for internal decorations landlord all repairs and insurance.	852 per annum	8,900
Weston Court, Westlands Road.	2 blocks of 12 flats and garages brick built beneath pitched clay tiled roofs on ground and 1st floor, gardens to all sides, built early 1960.	9 flats sold subject to lease expires 2072 at total ground rent of £135 no review 3 flats subject to tenancies tenant responsible internal decorations landlord insures and all repairs.	2,712.80 per annum	26,600
				£43,425

FOURTH SCHEDULE—Freehold properties ready for sale

Property	Description	Tenancies	Present capital value in existing state £
St. James Close, Sutton, Humberside.	last remaining house for sale on recently completed development.	—	19,750
Belmont Street, Hull, Humberside.	last remaining bungalow for sale on recently completed residential estate.	—	23,000
41 Cauldwell Road, Linton, Burton on Trent, Staffordshire.	3 bedroomed detached house.	—	24,000
3 Hawkes Garth, Hunmanby, North Yorkshire.	3 bedroomed detached bungalow.	—	23,000
33 Hansard Drive, Gilberdyke, Humberside.	2 bedroomed semi-detached bungalow.	—	14,500
6 Willow Garth, Eastrington, Howden, Humberside.	2 bedroomed semi-detached bungalow.	—	18,250
194 Grovehill Road, Beverley, Humberside.	3 bedroomed terrace house.	—	17,250
26 Cumberland Close, Nottingham, Nottinghamshire.	3 bedroomed semi-detached house.	—	18,950
16 Main Street, Carnaby, Humberside.	2 bedroomed terrace house.	—	18,000
25 Arthur Street, Hull, Humberside.	3 bedroomed terrace house.	—	8,500
25 Belvedere Road, Bridlington, Humberside.	completed semi-detached house comprising one of four similar properties 3 now sold and occupied.	—	40,000
			£225,200

Edward Tish & Partners,
52 George Street,
Baker Street,
London W1H 5RF.

25th April, 1983

The Directors,
Edmond Holdings plc,
1 East Street,
Tonbridge,
Kent TN9 1HP.

Gentlemen,

In accordance with your instructions, we have inspected the freehold properties set out hereunder with a view to advising you as to our opinion of the value thereof on the basis of open market value at 26th November, 1982.

Separate Valuations have been carried out for each separate property, and we set out hereunder a resumé of the information given.

We have not examined the Title Deeds but have relied for the purpose of our valuation on the Report on Title supplied to us by your solicitors.

The basis of our valuation has been the open market value of the interest as stated, subject to and with the benefit of any lettings which have been disclosed to us.

We have not carried out a structural survey of the properties. Generally the properties appeared to have been adequately maintained having regard to their age and type and the services appeared to be functioning satisfactorily at the time of our inspection.

We have excluded from our valuation any value attributable to plant, machinery, fixtures and fittings etc. other than those normally attributable to the landlords.

No allowances have been made in our valuation for expenses of realisation or any taxation liability arising from the sale of properties.

We should mention that the presence or absence of High Alumina Cement, Calcium Chloride or other deleterious materials has not been determined by us but our valuation is on the basis of the absence of these materials.

Subject to the foregoing we are of the opinion that the open market value of the freehold interest in the properties as set out hereunder, subject to and with the benefit of any leases/tenancies disclosed to us, may be fairly assessed on values current as at the date hereof, in the total sum of £1,525,000 (one million, five hundred and twenty-five thousand pounds).

We wish to point out that the Valuation Certificate is issued for your use, and we do not accept responsibility to any third party for the whole or part of its contents.

A. Properties being Developed

Property	Description, Age and Tenure	Present Capital Value in Existing State	Estimated Completion and Occupation Dates	Estimated Cost of Completing Development	Capital Value when Completed For Sale
1. Lid Lane, Cheadle, Staffs.	Site: Freehold Planning permission granted 5th November, 1981. 27 units detached. 5 units constructed. 1st Phase road in plus part drains and sewers.	£230,000	March 1983	£200,000	£430,000
2. Granville House, Victoria Parade, Ramsgate, Kent.	Block of Property now comprising 43 flats. Pub and Dining Room. 8 flats sold. 5 reserved. 1 exchanged. 12 tenanted. Plus site for 21 flats. Freehold.	£525,000	From January 1983 onwards.	£125,000	£650,000

B. Freehold Properties held for Development in the Future

Property	Description	Terms of Existing Leases or Tenancies	Estimated Current Net Annual Rental Before Tax	Present Capital Value in Existing State
1 Peel Close, Atherton, Lancs.	Site to erect 12 semi-detached houses. Planning permission granted 26th March 1981.	Not applicable.	Nil	£35,000
2 Broomleigh, Booth Road, Altrincham, Greater Manchester.	Detached House on 1 acre, as 7 flats.	4 let, 3 vacant. No formal rental or tenancy agreements.	£3,654	£75,000
3 Ashleigh, Booth Road, Altrincham, Greater Manchester.	Detached House on 1 acre site, as 5 flats.	4 let, 1 vacant. No formal rental or tenancy agreements.	£2,884	£57,000
4 Fairholme, 6 Winton Road, Bowdon, Greater Manchester.	Semi-detached house let as 4 flats.	2 furnished, 2 unfurnished. No formal rental or tenancy agreements.	£3,654	£34,000
5 Fernhead, 7 Winton Road, Bowdon, Greater Manchester.	Semi-detached house let as 3 flats.	3 furnished flats. No formal rental or tenancy agreements.	£3,227	£25,000

Continued

6 Norncliffe, 37 Stamford Road, Bowdon, Greater Manchester.	Semi-detached house as 4 flats.	1 let, 3 vacant.	£884	£35,000
7 Wilton House, Groby Road, Bowdon, Greater Manchester.	Detached house in quarter acre plot, as 4 flats.	3 let, 1 vacant.	£2,908	£30,000
8 Staple Lane, Dam Road, Barton-on-Humber, Humberside.	Site approximately 3.7 acres.	See Note A.	Nil	£30,000
9 Pevensey Road, Hastings, Sussex.	Site 0.26 acres.	See Note B.	Nil	£54,000
10 Old Church Road, Hastings, Sussex.	Site 4.7 acres.	See Note C.	Nil	£100,000

C. Freehold Property held as Investments

Property	Description	Term of Existing Tenancies, Leases or Underleases	Estimated net Annual Current Rental, Before Tax	Capital Value in Existing State
1 Regent Court, North Promenade, Blackpool.	Multi-storey block of flats comprising 43 flats built approximately 20 years ago.	28 flats sold on Long Leases at Ground Rents between £20–£30 per annum. 15 flats occupied by regulated tenants unfurnished, plus 3 garages. Service charges fully recoverable from tenants.	£14,986	£135,000
2 Astor Hotel, 28 Lancaster Gate, London W2.	Large Terrace House. Let as Hostel.	Let to Stark Worth Ltd being assigned from London Hostels Association Ltd 21 years from 24th March, 1967. Full repairing and insuring.	£13,000	£160,000

Notes:

(A) Part of a larger site of approximately 5.1 acres where planning permission for 77 dwellings was granted 30th August, 1974—4th March, 1975. Part development erected leaving balance 3.7 acres approximately 46 plots.

(B) Site approximately 0.26 acres where planning permission for 18 units and parking spaces expired July 1981. Outline consent approved for 18 units plus parking spaces 10th November, 1982. OA/82/554/13225.

(C) Site approximately 4.7 acres. Planning approved as follows:—

6th May, 1981	1 pair semi-detached bungalows.	HS/FA/81/105/824.
7th January, 1981	38 × 2 Bedroom Houses. 1 × 3 Bedroom House. 38 × 1 Bedroom Flats.	HS/FA/81/80/800.
15th October, 1981	Full application for Roads and Sewers.	HS/FA/81/80/584
23rd July, 1981.	Amended approval to: 4 × 3 Bedroom Houses. 28 × 2 Bedroom Houses. 9 × 1 Bedroom Houses. 24 × 1 Bedroom Flats. 2 × 4 Bedroom Houses.	HS/FA/81/80/376.

SUMMARY

Capital Value in Existing State

UK Properties

Open Market Value

	Freehold £
A Properties being Developed	755,000
B. Properties held for Development	475,000
C Properties held as Investments	295,000
Total Value	£1,525,000

Neither the whole nor any part of this, Valuation Certificate or any reference thereto, may be included in any published document, circular or statement, nor published in any way without the Valuers written approval of the form and context in which it may appear.

We are, Gentlemen,

Yours faithfully,

EDWARD TISH F.S.V.A.
For Edward Tish & Partners,
Surveyors and Valuers.

The following is a copy of a Report by Edward Tish & Partners on the Taddale portfolio:—

Edward Tish & Partners,
52 George Street,
Baker Street,
London W1H 5RF.
25th April, 1983.

The Directors,
Edmond Holdings plc,
1 East Street,
Tonbridge,
Kent TN9 1HP.

Gentlemen,

In accordance with your instructions, we have inspected the freehold properties set out hereunder with a view to advising you as to our opinion of the value thereof on the basis of open market value at 31st December, 1982.

Separate Valuations have been carried out in respect of groups of properties and separate properties, and we set out hereunder a resumé of the information given.

We have not examined the Title Deeds but have relied for the purpose of our valuation on the Report on Title supplied to us by solicitors acting for Harwal Finance Group Limited. Details with regards to rents received and leases were supplied by Harwal Finance Group Limited.

The basis of our valuation has been the open market value of the interest as stated, subject to and with the benefit of any lettings which have been disclosed to us.

We have not carried out a structural survey of the properties. Generally the properties appeared to have been adequately maintained having regard to their age and type and the services appeared to be functioning satisfactorily at the time of our inspection.

We have excluded from our valuation any value attributable to plant, machinery, fixtures and fittings etc. other than those normally attributable to the landlords.

No allowances have been made in our valuation for expenses of realisation or any taxation liability arising from the sale of properties.

We should mention that the presence or absence of High Alumina Cement, Calcium Chloride or other deleterious materials has not been determined by us but our valuation is on the basis of the absence of these materials.

Subject to the foregoing we are of the opinion that the open market value of the freehold interest in the properties as set out hereunder, subject to and with the benefit of any leases/tenancies disclosed to us, may be fairly assessed on values current as at the date hereof, in the total sum of £2,782,253 (two million, seven hundred and eighty-two thousand, two hundred and fifty-three pounds).

We wish to point out that the Valuation Certificate is issued for your use, and we do not accept responsibility to any third party for the whole or part of its contents.

A. Property held as Investments

Property	Description, Age and Tenure	Terms of Tenants Leases or Underleases	Estimated Net Annual Current Rental before Tax £	Present Capital Value in Existing State £
1. 207 Grange Road; 53, 55 Archibald Street; 65 Ayresome Park Road; 54, 60 Clifton Street; 47, 49, 57 Egerton Street; 9 Constance Street; 48 Garnet Street; 14 Holly Street; 35, 39, 41 Kindersley Street; 54, 58, 60 Northcliffe Street; 48 Palm Street; 16, 22 Peel Street; 58, 62, 128, 129 Portman Street; 3, 13, 17, 21 Ruby Street; 14 Scarborough Street; 37, 39 Thomas Street; 37, 44 Thornton Street; 51 Warren Street; 42, 67 Waverley Street; 16 Windsor Street, Middlesbrough	38 Dwelling Houses. 2 storey terraced Artisan Type, being improved with Local Authority Grant Aid. All properties built around the turn of the Century. Freehold.	All houses let on weekly unfurnished tenancies at Registered Rents.	16,703	150,335
2. 19, 28, 41, 45, 47 Beaconsfield Road; 27 Mellor Street; 83, 85 Windsor Road, Stockton-on-Tees	8 Dwelling Houses. 2 storey terraced Artisan Type, being improved with Local Authority Grant Aid. All properties built around the turn of the Century. Freehold.	All houses let on weekly unfurnished tenancies at Registered Rents.	4,012	36,110
3. 29 Bridge Road, Stockton-on-Tees	3 storey end of terrace shop and upper part with rear workshop. Approximately 70 years old. Freehold.	Lease for term of 8 years from 1st December, 1978 with rent reviews every 3 years. Internal Repairing Lease only.	5,750	46,500
4. 72 Tollesby Road, Middlesbrough	Detached 2 storey purpose built shop and flat over. Approximately 30 years old. Freehold	Lease for term of 8 years from 1st July, 1978 with rent reviews every 3 years. Full Repairing Lease Terms.	1,750	17,000
5. Snowdon Road, Middlesbrough	Middle terrace single storey workshop/factory premises. Approximately 15 years old 3,000 sq ft approximately. Freehold.	Unlet	E.R.V. 6,000	58,500
6. 10/14 Billingham Road, Norton, Stockton-on-Tees	Modern 3 storey block of 3 flats and 5 maisonettes. Approximately 16 years old. Freehold.	Flats and maisonettes let on weekly unfurnished tenancies at Registered Rents.	5,200	51,940
7. 1/40 Carmel Gardens, Norton, Stockton-on-Tees	5 modern 3 storey blocks of 3 flats and 6 maisonettes per block. Approximately 15 years old. Freehold.	Flats and maisonettes let on weekly unfurnished tenancies at Registered Rents.	26,000	259,740
8. 33/112 Harwal Road, Redcar, Cleveland	5 modern 3 storey blocks of flats and maisonettes. 18 flats and 30 maisonettes. Approximately 20 years old. Freehold.	Flats and maisonettes let on weekly unfurnished tenancies at Registered Rents.	31,700	295,300
9. 1-12a Hilal Walk; 3-11a Low Lane; 5-15a Medina Gardens; 7-19c Otterburn Gardens; 2-10a Romanby Gardens; 2-30a Semena Gardens, Middlesbrough	17 modern 2 storey blocks of flats containing 94 units. Approximately 15 years old. Freehold.	Flats let on weekly unfurnished tenancies at Registered Rents.	63,500	634,365
10. 1, 3, 5 Otterburn Gardens; 39-41 Virginia Gardens, Middlesbrough	A 2 storey shopping parade containing 5 lock-up shops with flats over. Approximately 15 years old. Freehold.	5 shops and 4 flats on either 5-7 year leases. Internal repairing only. 1 flat let unfurnished weekly tenancy Registered Rent.	9,425	77,204
11. 12, 14, 16, 16a Welburn Grove, Ormsby, Middlesbrough	A 2 storey shopping parade containing 4 lock-up shops with flats over. Approximately 15 years old. Freehold.	1 shop let from August 1979 for 3 years holding over 3 shops let on assured annual tenancies. Internal repairing only. 4 flats let on weekly unfurnished tenancies at Registered Rents.	10,800	62,364
12. Belle Vue Court, Windmill Terrace, Mount Pleasant, Stockton-on-Tees	17 modern 2 storey blocks containing 136 flats. Approximately 7 years old. Freehold.	All flats let on weekly unfurnished tenancies at Registered Rents.	85,670	855,843
13. 2, 3, 7, 11, 15 Premier Road; 3 Ruth Avenue; 6, 10, 12 Tranmere Avenue; 45, 47 Burlam Road, Middlesbrough	11 semi-detached 2 storey dwelling houses mainly built Inter-War. Burlam Road, Post-War. Freehold.	All let on weekly unfurnished tenancies at Registered Rents.	6,600	65,340
14. 81 Canterbury Road, Redcar	Semi-detached house on 2 floors, built 1930's. Freehold.	Let on weekly unfurnished tenancy at Registered Rent.	611	6,050
15. Addison Road; Burlam Road; Otterburn Gardens, Middlesbrough; Beaconsfield Road; Carmel Gardens, Norton, Stockton-on-Tees; Harwal Road, Harwal, Redcar	Terraced blocks of 101 purpose built lock-up garages. Freehold.	All let on weekly exclusive Tenancies.	10,500	59,052

B. Properties held for Disposal

Property	Description, Age and Tenure	Terms of Tenants Leases or Underleases	Estimated Current Net Annual Rental before Tax £	Present Capital Value in Existing State £
1. Raffles Nite Spot, 208 Newport Road, Middlesbrough	Ex Cinema adapted for Club use. 2 storey construction approximately 50 years old. Freehold.	Lease for term of 10 years from 1st October, 1974 with Rent Review at 5th year. Internal Repairing Lease terms.	2,500	40,000
2. 286–290 Linthorpe Road, Middlesbrough	3 middle terrace houses in small parade of shops, extended at rear and adapted for Club use. Approximately 80 years old. Freehold.	Lease for term of 10 years from 1st August, 1978 with Rent Reviews every 3 years. Full Repairing terms.	7,000	70,000

C. Property held for Development in the Future

Property	Description, Age and Tenure	Terms of Existing Lease or Underlease	Estimated Current Net Annual Rental before Tax £	Present Capital Value in Existing State £
Hollins Lane, off Burlam Road, Middlesbrough	Cleared site of 0.27 of an acre 85 foot frontage. Outline planning permission 2 bungalows. No. M0/421/82. Freehold.	Nil	Nil	6,000

SUMMARY

Capital Value in Existing State

UK Properties

Open Market Value

	Freehold £
A. Properties Held as Investments Ref. 1–15	2,666,253
B. Properties Held for Disposal Ref. 1–2	110,000
C. Property Held for Development	6,000
Total Value	£2,782,253

Neither the whole nor any part of this Valuation Certificate, or any reference thereto, may be included in any published document, circular or statement, nor published in any way without the Valuer's written approval of the form and context in which it may appear.

We are, Gentlemen,

Yours faithfully,

EDWARD TISH F.S.V.A.

For EDWARD TISH & PARTNERS
Surveyors and Valuers.

ACCOUNTANTS' REPORT

The following is a copy of a Report on the Group received from Peat, Marwick, Mitchell & Co., Chartered Accountants:—

The Directors,
Edmond Holdings plc,
1 East Street,
Tonbridge,
Kent TN9 1HP

Peat, Marwick, Mitchell & Co.
1 Puddle Dock,
Blackfriars,
London EC4V 3PD.

25th April, 1983.

Dear Sirs,

Edmond Holdings plc ("Edmond") was incorporated in March, 1981 as Allied Residential Public Limited Company and acquired its interests in the majority of its subsidiary companies in May, 1981, partly from Thames Investment & Securities PLC ("Thames") ("the Thames subsidiaries") and partly from Allied Plant Group PLC ("APG") ("the Housing Group"). We have examined the audited accounts of Edmond and of its subsidiary companies for the two financial periods ended 31st December, 1982. We have also examined the reports included in the Prospectus dated 28th May, 1981, prepared by Ernst & Whinney, Chartered Accountants, on the Housing Group, and Simmons, Cohen, Fine & Partners, Chartered Accountants, on the Thames subsidiaries, in respect of the three years ended 31st December, 1980. This report has been prepared as if these companies had been subsidiaries of Edmond from the dates of their acquisition by Thames and APG respectively. The Group acquired Mistree Limited and Merk Projects Limited in September, 1981 and July, 1982 respectively and their results have been consolidated from their dates of acquisition. Edmond and its subsidiary companies are collectively referred to as "the Group". The accounts of the Group companies were audited by other firms throughout the period under review.

The audit report on the consolidated Group accounts for the year ended 31st December, 1982 was qualified on the grounds that the auditors were unable to comment as to whether or not shareholders' approval would be given to the transactions set out in the Circular sent to shareholders on 31st March, 1983 and, therefore, on the validity of the going concern basis on which the accounts of the Group had been prepared. Shareholders' approval was obtained on 25th April, 1983.

Consolidated accounts for the Group have been prepared for the year to 31st December, 1982 and for the seven month period to 31st December, 1981, based on the accounts of subsidiary companies for the years ended on those dates. Prior to 31st December, 1980 the individual subsidiaries did not all prepare accounts to 31st December. The results of earlier periods have therefore been apportioned, on a time basis, and aggregated so as to state the results for the Group on a calendar year basis. In view of this apportionment it is not possible to prepare statements of source and application of funds for the years ended 31st December, 1978 to 1980. In view of the major reorganisation of the Group structure during 1981 it is not possible to prepare a statement of source and application of funds for the year ended 31st December 1981. A statement of source and application of funds for the year ended 31st December, 1982 is set out below.

The summarised profit and loss accounts, balance sheet and source and application of funds set out below are based on the accountants' reports referred to above, the audited consolidated accounts of the Group for the year ended 31st December, 1982 and the audited accounts of the subsidiary companies for the year ended 31st December, 1981, adjusted as we consider appropriate. Prior to 1982 certain interest was included in the stock valuation. The present policy is to write off all interest in the profit and loss account as it is incurred. No adjustments have been made in respect of interest included in stock but the amounts involved are shown in Note 4.

Also set out below, for the five years ended 31st December, 1982, is the net rental income, after deducting taxation at 52%, of the investment properties being acquired from Taddale Investments P.L.C. ("the Taddale portfolio"). This information has been extracted from the audited accounts of the companies which owned these properties for the five years ended 31st March, 1982 and from the unaudited management accounts of the companies for the nine months ended 31st December, 1982. The results have been apportioned, on a time basis, so as to state the results on a calendar year basis.

We are unable to express an opinion on the work in progress of certain subsidiaries, affecting the years ended 31st December, 1978 and 1979, which was stated at the directors' estimate of the lower of cost and net realisable value. The relevant auditors have, however, confirmed to us in writing that they are satisfied that such work-in-progress was properly calculated and correctly stated on a proper and consistent basis.

Subject to any effect on the profits for the years 1978 and 1979 arising from the stock valuations referred to above in our opinion the financial information set out below gives a true and fair view of the state of affairs of Edmond and of the Group at 31st December, 1982, of the results of the Group for the five years ended on that date, and of the source and application of funds of the Group for the year ended 31st December, 1982.

As explained in note 21, no current cost adjustments are required other than the increase in the unrealised revaluation surplus in respect of fixed assets mentioned in that note. In our opinion the calculations have been properly carried out in accordance with the policies and methods described in note 21 to give, together with that note, the information required by Statement of Standard Accounting Practice No. 16.

No audited accounts of Edmond or any of its subsidiary companies have been made up in respect of any period subsequent to 31st December, 1982.

PROFIT AND LOSS ACCOUNTS FOR THE GROUP

	Notes	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
		Years ended 31st December				
Turnover		3,754	4,273	4,292	3,923	5,906
Operating profit/(loss)	2	528	825	739	204	(750)
Exceptional item-deficit on revaluation of development land		—	—	—	—	(470)
Other income	3	247	170	114	116	65
Interest payable	4	(106)	(174)	(243)	(334)	(713)
Profit/(loss) before taxation and extraordinary items		669	821	610	(14)	(1,868)
Taxation	5	(23)	(19)	—	(18)	—
Profit/(loss) after taxation and before extraordinary items		646	802	610	(32)	(1,868)
Extraordinary items (after taxation)	6	—	81	25	—	(159)
Profit/(loss) attributable to shareholders	7	646	883	635	(32)	(2,027)
Dividends	8	(293)	(605)	(750)	(43)	—
Retained profit/(loss)		353	278	(115)	(75)	(2,027)
Loss per ordinary share	9					18.7p

THE TADDALE PORTFOLIO

	1978	1979	1980	1981	1982
Net rental income, after taxation (at 52%), of the Taddale portfolio	60	66	83	98	113

BALANCE SHEET AT 31st DECEMBER, 1982

	Notes	The Group £000	The Group £000	Edmond £000	Edmond £000
Fixed Assets	10		242		9
Investment Properties—Freehold	11		586		—
Interests in Subsidiaries	12		—		1,510
Current Assets:					
Stocks, land on hand and work in progress	13	4,968		—	
Debtors		812		96	
Cash and short term deposits		40		1	
		5,820		97	
Current Liabilities:					
Creditors		1,103		49	
Bank overdrafts and short term loans (secured)		4,330		552	
Taxation		112		—	
		5,545		601	
Net Current Assets/(Liabilities)			275		(514)
			1,103		1,005
Shareholders' Funds:					
Share capital	14		1,000		1,000
Share premium account			2,202		2,202
Reserves (adverse balance)	15		(2,179)		(2,197)
			1,023		1,005
Medium Term Loans	16		80		—
			1,103		1,005

SOURCE AND APPLICATION OF FUNDS FOR THE GROUP FOR THE YEAR ENDED 31st DECEMBER 1982

	£000
Sources/(Applications)	
Loss before taxation and extraordinary item	(1,868)
Items not involving the movement of funds:	
Depreciation	56
Surplus on sale of fixed assets	(24)
	(1,836)
Sale of investment properties	19
Acquisition of subsidiary company*	(91)
Dividend paid	(43)
Capital expenditure (net)	(87)
Loans received	(30)
	(2,068)
(Increase)/Decrease in working capital:	
Stocks, land on hand and work in progress	2,491
Debtors	(425)
Creditors	(84)
	1,982
Decrease in liquid funds	87

*Summary of the effect of the acquisition of a subsidiary

Net assets acquired:	
Stocks, land on hand and work in progress	220
Creditors	(99)
Bank overdraft	(92)
Goodwill	62
	91

NOTES ON THE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEET

1. Accounting policies

(a) Accounting Convention
The accounts are prepared under the historical cost convention.

(b) Turnover
Turnover represents the amounts received (excluding value added tax) for goods and services supplied to customers outside the Group during the period. Property sales are accounted for upon exchange of contracts provided that builders' work has been completed by the year end and legal completion occurs within a reasonable period after the year end.

(c) Associated Companies
The Group's share of profits, less losses, of associated companies is not included in the consolidated profit and loss account nor is its share of post acquisition reserves included in the consolidated balance sheet since the amounts are not material.

(d) Depreciation
The cost or valuation of fixed assets is written off by equal annual instalments over the expected useful lives of the assets as follows:

Plant and equipment	5 years
Motor vehicles	4 years
Fixtures and fittings	5–10 years

(e) Stocks, land on hand and work in progress
Stocks, land on hand and work in progress are stated at the lower of cost and net realisable value. In the case of work in progress cost comprises land being developed, direct materials, direct labour and an appropriate proportion of construction fixed and variable overheads. The allocation of construction fixed overheads has regard to budgeted normal production.

(f) Deferred Taxation
Provision is made for deferred taxation, using the liability method, on short term timing differences and all other material timing differences except where these are expected to continue in the foreseeable future.

(g) Investment Properties
Investment properties are included in the balance sheet at their open market value. Surpluses less deficits on revaluation are taken directly to revaluation reserves. Profits and losses on disposals are included in the profit and loss account.

2. Operating profit

This is stated after charging:

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
	Years ended 31st December				
Directors' remuneration	145	129	75	72	54
Depreciation (note 1(d))	27	30	37	41	56
Hire of plant and equipment	41	74	84	128	72
Auditors' remuneration	11	12	13	21	18

3. Other income

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
	Years ended 31st December				
Rents receivable (net)	48	38	28	83	41
Surplus on sale of investment properties and fixed assets	43	40	56	14	24
Interest receivable	136	92	32	38	—
Other	20	—	—	—	—
	247	170	114	116	65

4. Interest payable

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
	Years ended 31st December				
Bank interest	106	217	284	430	676
Hire purchase interest	—	—	8	23	17
Mortgage interest	—	—	—	13	20
	106	217	292	466	713
Less interest included in stock valuation	—	(43)	(49)	(132)	—
	106	174	243	334	713

5. Taxation

The charge/(credit) for taxation comprised:

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
	Years ended 31st December				
Corporation tax at 52% (1978: 42%) on profits for the year after Group relief and relief for trading losses carried forward	8	14	—	—	—
Advance corporation tax written off	15	5	—	18	—
	23	19	—	18	—

6. Extraordinary items

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
	Years ended 31st December				
Surplus on sale of an investment	—	17	13	—	—
Surpluses on the sale of properties previously occupied by Group companies	—	64	12	—	—
Provision against net assets of a subsidiary company to be sold	—	—	—	—	(44)
Goodwill written off	—	—	—	—	(115)
	—	81	25	—	(159)

7. Profit attributable to shareholders

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
	Years ended 31st December				
Relating to:					
Companies remaining in the Group	625	854	617	23	(1,939)
Ermine Securities Limited (see Note 20)	21	29	18	(55)	(88)
	646	883	635	(32)	(2,027)

8. Dividends

	1978 £000	1979 £000	1980 £000	1981 £000	1982 £000
	Years ended 31st December				
Paid by Edmond	—	—	—	43	—
Paid to Allied Plant Group PLC by:					
Edmond Properties Limited	—	450	650	—	—
F. K. West Limited	245	140	100	—	—
Paid to former shareholders of:					
Edmond Properties Limited	3	—	—	—	—
A. E. Jenkinson Limited	45	15	—	—	—
	293	605	750	43	—
Amounts waived by shareholders of:					
Edmond	—	—	—	57	—
Edmond Properties Limited	3	—	—	—	—
	3	—	—	57	—

9. Loss per ordinary share

The loss per ordinary share for the year ended 31st December, 1982, based on the loss after taxation and before extraordinary items of £1,868,000 and 10 million ordinary shares in issue throughout the year, was 18.7p. It is not possible to state earnings per share for prior periods because of the manner in which the results have been aggregated and the absence of any "group" share capital for these years.

10. Fixed assets

	The Group: Freehold land and buildings £000	The Group: Plant equipment and motor vehicles £000	The Group: Total £000	Edmond: Motor vehicle £000
Cost	66	257	323	12
Depreciation	(1)	(80)	(81)	(3)
Net book value	65	177	242	9

11. Investment properties—freehold

Investment properties are stated at director's estimate of their open market value (£586,000) which compares with independent professional valuations at 26th November or 31st December, 1982 of £594,425.

12. Interest in subsidiary companies

Investment at 31st December, 1982:

		Edmond £000
Shares at cost		2,950
Less provisions		(2,135)
		815
Amounts due from subsidiaries	781	
Less provisions	(86)	
		695
		1,510

13. Stocks, land on hand and work in progress

At 31st December, 1982:

	The Group £000
Stocks	60
Land on hand	991
Property held for development or resale	714
Work in progress	3,209
	4,974
Less amounts received on account	(6)
	4,968

This amount, which is shown at the lower of cost and net realisable value determined on an item by item basis, compares with independent professional valuations at 26th November or 31st December, 1982 of £5,385,150.

14. Share capital

At 31st December, 1982:

	£000
Ordinary shares of 10p each: Authorised	1,250
Issued and fully paid	1,000

15. Reserves

At 31st December, 1982:

	The Group £000	Edmond £000
Revaluation reserve	2	—
Profit and loss account (adverse balance)	(2,181)	(2,197)
	(2,179)	(2,197)

16. Medium term loan

The loan which is secured and repayable in 1986 bears interest at the rate determined by the lender from time to time (at the balance sheet date: 14%).

17. Deferred taxation

No provision for taxation was required at 31st December, 1982 (see note 1 (f)). Potential tax liabilities in respect of accelerated capital allowances and capital gains are extinguished by tax losses carried forward at 31st December, 1982.

Continued

CONTRACTS

UK

£10m orders for Wimpey

WIMPEY CONSTRUCTION UK *has been awarded a £5.7m contract* to build new change rooms for British Nuclear Fuels at Sellafield. The structure comprises a pre-cast concrete frame with precoated metal cladding to elevations and roof, and work will commence next month.

A branch of Barclays Bank is to be built *by Wimpey at St* John's Hill, SW11, at a cost of £1.56m. On piled foundations, the bank will have a total area of 944 sq metres, a granite fascia and handmade *facing bricks* on other parts of the building. Total floor area of the building will be 3,561 sq metres and there will be two shops totalling 128 sq metres on the ground floor. The building will have five floors, a basement, and a lead covered mansard roof. The *project has started and will take* 65 weeks to complete.

Ninety-one services family units are to be refurbished by Wimpey for the Property Services Agency, under a £1m contract. *These are at* Grove, Wantage in Oxfordshire. Refurbishment will cover heating systems, electrical works, replacement windows, kitchens, bathrooms, and decoration in a project which will be completed in January 1984.

A £675,000 contract has been placed by Liverpool City Council with Wimpey for refurbishment of 52 flats. Work has started for completion in December. *Wimpey will* replace windows and some internal walls, extend bathrooms and instal central heating in two two-storey blocks.

★

Britoil has awarded a £2m contract to LLOYD'S REGISTER OF SHIPPING for the certification of the Clyde platform and facilities. This includes: independent *assessment of design;* survey and verification during manufacture, construction, installation, hook up and commissioning; and independent assessment of the provisions of the operations manual.

★

SIMON-VICARS, Newton-le-Willows (a Simon Food Engineering company), is to supply, instal and commission a complete plant to manufacture 900 kg/hour of "Sunflower" brand soda cracker biscuits. The contract, valued at *over £500,000, has been placed* by Hebron Biscuit Company of Manila, Philippines.

★

G. E. WALLIS & SONS has won contracts worth over £5m including two London refurbishments (£2.3m) *for Legal & General* and the *London* & Manchester Assurance; sheltered flats and bungalows (£1m) at Cwmbran, Newport and Pontllanfraith, Gwent; bank branch rebuild *(£765,000)* for NatWest at West Malling; and a sports pavilion (£302,000) at Chatham for Rochester Council.

★

The EXPRESS LIFT COMPANY, *Northampton, a GEC company,* has won a £2m contract to supply 55 lifts for a $1bn twin-tower complex in Hong Kong. Known as the Shun Tak Centre, this development will replace the existing Macau ferry terminal. Express will be supplying computer-based control sytems as well as a digital speed-control power system with lift speeds of up to 1,400 *feet* per minute.

★

Two hospital developments, together *totalling* almost £8m, are being built by JOHN WILLMOTT CONSTRUCTION. The company has started work on extensions to provide a community hospital for the North East Essex district at Clacton, and is in the early stages of a two-year contract to build a "nurses' hamlet," to house the staff of the new Colchester Hospital.

★

The contract for the complete interior fittings out of the Foley Street, London, headquarters of United Press/Independent Television News, has been awarded to COMPLEX INTERIOR SYSTEMS, *Watford. Valued in excess of* £500,000, this contract involves work on four floors and a total area of 18,000 sq ft. A feature of the project will be the high sound insulation system of partitioning in the production and technical areas.

★

BRITISH TIMKEN, of Northampton, has won a contract worth over £250,000, for axlebox and transmission pinion bearings for an expansion of the Metro railway passenger network in Seoul, South Korea. Main contractors for the project are GEC Traction, Manchester. Work involves construction of 402 power and trailer cars, for use on an existing line and on two new lines: from Jangie, south-east of the city, to Gupabal in the north-west, and from Seoul central station to Junggye in the north-east. An addition of some 50 km, the development represents a significant extension to the first two lines of the network now being operated by the Seoul Metro Subway Corporation around the centre of the city. British Timken is supplying tapered *roller* bearings of 130 mm bore for each rail car axlebox, as well as tapered roller bearings for the transmission pinions of the power cars. The cars will be assembled in Korea by Daewoo Heavy Industries at *its plant at Anyang,* near Seoul.

★

EEV, Chelmsford, has received its first single order at NAB *exceeding $500,000* (£322,000) from Comark Communications Inc, Massachusetts, for UHF TV klystrons. This order results from Comark's introduction of its "S" series UHF TV transmitters incorporating EEV broadband klystrons. These latest klystrons and magnetic circuit assemblies of various power levels each cover the entire UHF frequencyband.

GRANDMET SITE SERVICES, INC, a subsidiary of Grandmet *International Services, part of* the Grand Metropolitan group, has won a multi-million pound management services contract for the Alaska Pipeline in conjunction with an Alaskan company, Ahtna Development Corp. The contract had been held for seven years by the Greyhound Corp. It was awarded by Alyeska, a consortium of eight oil companies, including BP, Exxon, Mobil, Arco, Amerada Hess, Soble and Union. GSS formed a joint venture company, Grandmet Ahtna, with Ahtna, whose shares are all owned by Athabascan Indian people, to bid for the contract. It is the first contract for GSS inside the Arctic Circle an dit will provide catering, housekeeping and janitorial services at nine permanent and up to five seasonal pump stations along the pipeline.

★

Supply of a Prestel videotext system in the Far East in a £2.7m contract with the Malaysian Government won by GEC COMPUTERS working with its Malaysian associate, Perusahaan Telekom GEC Sdn, in Kuala Lumpur. *It is for a five-year period and* involves GEC 4000 series computers, communications and supervisory network, videotext domestic and business terminals, British Telecom Prestel software, ancillary equipment and local services.

GEC Computers believes this to be the first project to exercise the Overseas Development Agency Credit Protocol, in conjunction with a loan from National Westminster Bank supported b ythe UK Exports Credit Guarantee Department.

★

HARRIS CORPORATION, government communications systems division, has been awarded a multi-year contract valued at $59m (£38.1m) to manufacture state-of-the-art medium terminal (SAMT) antennas for the U.S. army defence *communications system. Acting* as a major subcontractor to Ford Aerospace and Communications Corp, the prime contractor, Harris will produce 35 antennas, at its assembly and testing facilities in Palm Bay, Florida, with deliveries scheduled to being in February 1984. The contract also contains an option for up to 20 additional antennas. The SAMT new generation of super high frequency terminals feature solid-state low noise amplifiers, and air-cooled (in place of liquid-cooled) transmitters whose consequent size reduction enables antenna rather than van mounting. They are also designed to provide improved reliability at considerably reduced operating costs.

★

PHILIPS BUSINESS SYSTEMS has won a £300,000 contract for a traffic surveillance scheme in Manchester. The contract placed by the Greater Manchester Council, *is for* a 20 camera system which will be used in conjunction with the city's computer-controlled urban traffic control system. The cameras will be located throughout the city centre and will provide general surveillance of traffic flow.

INTERNATIONAL

Singapore railway works for Henry Boot

HENRY BOOT INTERNATIONAL has been awarded contracts worth £3.35m in the Far East. In Singapore, the *company is to* undertake a £2.5m trackway and civil engineering contract in a joint venture with Techfield Private, a local Singaporean company, for Singapore Public Works Department. The project involves the relocation of the main Singapore station marshalling yards to construct an expressway to the industrial area of Jurong. Over 10 km of track, including 43 turnouts, are to be supplied and installed, and a major turntable resited. Associated *civil works* include embankments, cuttings, retaining walls and a large storm water culvert beneath the yards.

As part of the construction programme for a *dam* on the River Benutan in Brunei, Henry Boot International is to undertake soil investigation and civil engineering work in a £850,000 contract *for the* Government of the Sultanate of Brunei. Specialised soil investigations will be carried out together with topographic and geological mapping. Large excavations are to be made under de-watered conditions adjacent to the Benutan river as well as the sinking of deep wells. These operations will assist with the design of the dam, which will form an impounding reservoir to increase the water supply to the capital, *Bandar Seri Begawan.*

★

The Procter and Gamble Company of Cincinnati, Ohio has placed a $4.9m (£3.16m) contract with GEC Gas Turbines, Leicester, through GEC's U.S.-based subsidiary, The English Electric Corp. The order is for the supply of one of GEC's type ELM-125 gas turbine generating units which will be used in a co-generation application at the *Procter and Gamble facility* in Sacramento, California. Rated at 21,100 kW the unit will operate at base load and its exhaust heat will be utilised to produce process steam for use in the production of such varied products as fabric softeners, synthetic detergents, industrial chemicals and prepared cake mixes. To meet local environmental requirements, water is being injected into the combustion chamber of the gas turbine to suppress nitrogen oxides emission. Evaporative cooling is used at the air intake to maintain power levels at summer temperatures.

★

Orders for £4m of medical diagnostic equipment have been placed with INTERNATIONAL GENERAL ELECTRIC COMPANY OF NEW YORK. The South East Thames Regional Health Authority has ordered just under £1m of equipment for four hospitals. Five hospitals, three in the Birmingham area and two in Scotland, have ordered CT 8800 scanners with a value of £1.8m. All five scanners are being produced at the International General Electric Company's Radiet manufacturing centre.

Six RFX systems valued at *£800,000* are being supplied, three to Merseyside hospitals, the Royal Liverpool Children's, the Fazakerly and the Clatterbridge hospitals, and to the the National Hospital for Nervous Diseases, Maida Vale, the Institute for Neurological Sciences, Southern General Hospital, Glasgow (the first UK hospital to order this unit specially adapted for bi-plane myelography) and the Hospital of St Cross, Rugby. Two L/U-Ang 10 vascular systems worth over £500,000 have been ordered by Northwick Park Hospital, Harrow (with digital option) and the Bristol Royal Infirmary (with stepping top for general angiographic procedures).

★

Sales of RACAL MARINE radars to navies and para-military forces during the first three months of this year reached £2.5m. These orders include equipment ranging from ARPA computer *displays* and 2459/F/1 air/sea surveillance units to the RD 150 small craft radar. A total of 19 ARPAs and one command tactical *console,* the special naval version, have been ordered by the UK Royal Navy, Hong Kong Police, the Irish Naval Service — for *its* new off-shore patrol vessel — and a far Eastern navy. Two anti-collision radars have been ordered by Saudi Arabia; true motion or relative motion 12 inch radars by the Royal Navy and the navies of Belgium, Brazil, Greece, Holland, Hong Kong, Iran, *Ireland, Norway and Oman;* nine inch radars by Australia, Finland, Greece; and RD 150s by Bahrain and Thailand. The Royal Netherlands Navy ordered, after evaluation trials, a 2459 F/1 surveillance unit connected to a command tactical console. The system will be installed in the replenishment ship "Poolster", which will also have a Racal-Decca ARPA and a 12 inch RM 1229 radar. Three dual surveillance 2459 F/1s have also been ordered for Canadian oil rigs and one by the Finnish Coastguard.

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18. Capital commitments

There were no commitments for capital expenditure at 31st December, 1982.

19. Contingent liabilities

Edmond has given an unlimited guarantee to Barclays Bank PLC in respect of the bank borrowings of two of its subsidiaries, which at the balance sheet date amounted to £222,000.

Edmond has given an unlimited multilateral guarantee to Midland Bank plc in respect of the bank borrowings of four of its subsidiaries, which at the balance sheet date amounted to £2,288,030.

20. Post balance sheet events

It was announced on 23rd August, 1982 that agreement in principle had been reached with Mr. S.J. Crossley, a director of Edmond, for the sale to him of certain subsidiaries subject to the approval of the members of Edmond in general meeting. Following the agreement reached for the acquisition by the Group of the Taddale portfolio, the proposed arrangements with Mr. S.J. Crossley were renegotiated. Under an agreement dated 24th March, 1983, Mr. Crossley will receive compensation of £25,000 and Edmond has agreed to sell to Fordanchor Limited, a company controlled by Mr. Crossley, the whole of the issued ordinary and deferred share capital of Ermine Securities Limited ("Ermine") for a consideration of £25,000 subject to the *approval of shareholders of Edmond at an Extraordinary General Meeting. Shareholders' approval was given on 25th April,* 1983. On 21st March, 1983 the net amount owing by Ermine to other members of the Group was £206,185. It is a term of the agreement that £29,749 of this amount be repaid by equal monthly instalments over the period of eighteen months after completion. The balance will be converted into 5% redeemable preference shares of Ermine redeemable in 1988.

21. *Current cost accounts*

(a) Basis of preparation

Current cost accounts calculations have been undertaken in accordance with Statement of Standard Accounting Practice No. 16. The only adjustment necessary is an increase in the valuation of fixed assets as follows:

	Per historical balance sheet £000	*Current cost adjustment* £000	*At current cost* £000
Fixed assets	242	25	267
Plant, equipment and motor vehicles			
Current cost reserve			
Revaluation surplus re fixed assets	—	25	25

No adjustments are required to the historical profit and loss account.

Except as stated below, the policies used in making the current cost accounts calculations are the same as those used in the historical cost accounts.

(b) Accounting policies

(i) Fixed assets and investment properties

Fixed assets and investment properties are included at their value to the business.

(ii) Stocks

Stocks are valued at the lower of current replacement cost and net realisable value.

Yours faithfully,

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

PRO FORMA BALANCE SHEETS

The following *pro forma* balance sheets of the Company and of the restructured Group are provided for illustrative purposes only and are based on the audited accounts of the Group at 31st December, 1982 adjusted to reflect the following:—

(i) completion of the acquisition of the Taddale portfolio on the terms of the Acquisition Agreement;

(ii) completion of the Crossley Agreement;

(iii) the receipt by the Company of £1,400,000 in respect of the issue of 10,000,000 Ordinary Shares of 10p each at 14p per share;

(iv) the Capital Reduction.

	The Group £000	The Company £000
Fixed Assets	233	—
Investment Properties—Freehold	3,388	—
Unquoted Investments	178	178
Interests in Subsidiaries	—	4,093
Current Assets		
Stocks and work in progress	4,598	—
Debtors	217	116
Cash and short term deposits	163	1
Proceeds of rights issue	1,400	1,400
	6,378	1,517
Current Liabilities		
Creditors	1,087	49
Bank overdrafts and loans (secured)	3,671	552
Taxation	112	—
Expenses of the Acquisition Agreement, the Crossley Agreement, the Capital Reorganisation and re-listing	250	250
	5,120	851
Net Current Assets	1,258	666
	5,033	4,935
Financed by:		
Shareholders' funds		
Share capital	3,986	3,986
Share premium account	949	949
Reserves	18	—
	4,953	4,935
Medium Term Loans (secured)	80	—
	5,033	4,935

Note: No account has been taken above of the results of the Company and the Group since 31st December, 1982.

GENERAL INFORMATION

1. Share capital

(a) The Company

The Company was incorporated in England under the Companies Acts 1948 to 1980 on 11th March, 1981 (No. 1550213) as a public limited company with an initial authorised share capital of £50,000 divided into 50,000 Ordinary Shares of £1 each all of which were issued for cash at par on 18th March, 1981.

On 18th March, 1981, each Ordinary Share of £1 was sub-divided into five Ordinary Shares of 20p each and on 8th May, 1981 each Ordinary Share of 20p was further sub-divided into two Ordinary Shares of 10p each.

On 8th May, 1981, the authorised share capital of the Company was increased to £1,250,000 by the creation of 12,000,000 Ordinary Shares of 10p each.

On 28th May, 1981, 5,000,000 Ordinary Shares of 10p each in the Company were issued, credited as fully paid, as consideration for the purchase by the Company of the whole of the issued share capitals of various companies from APG and Thames (see material contracts 8 (viii) and (ix) below).

On 28th May, 1981, a further 3,750,000 Ordinary Shares of 10p each in the Company were allotted for cash at 35p per share.

(b) Subsidiary Companies

Lanlo Limited—On 12th August, 1982 100 Ordinary Shares of £1 each were allotted for cash at par.

Mistfree Limited ("Mistfree")—On 13th May, 1981, the 2 subscribers' shares in Mistfree were allotted for cash at par and on 30th July, 1981 98 Ordinary Shares of £1 each were allotted for cash at par. On 12th August, 1982 100 new Ordinary Shares of 10p each were allotted by way of rights issue to existing shareholders and the existing 100 Ordinary Shares of £1 each were converted into 100 Deferred Shares of £1 each.

North Staffordshire Estates Limited ("NSE")—On 28th May, 1981, 65,000 Ordinary Shares of 10p each in NSE were allotted, credited as fully paid up, by way of bonus issue to existing shareholders and the existing 65,000 Ordinary Shares of £1 each were converted into 65,000 Deferred Shares of £1 each. On 12th August, 1982 6,500 Ordinary Shares of 1p each were allotted, credited as fully paid up, by way of bonus issue to existing shareholders and the existing 65,000 Ordinary Shares of 10p each were converted into Second Deferred Shares of 10p each.

Abalis Limited ("Abalis")—On 5th May, 1981, 319,340 Ordinary Shares of 10p each in Abalis were allotted, credited as fully paid up, by way of part satisfaction of the premium of £750,000 due by Abalis to Chesscrest Limited ("Chesscrest") under the agreement listed as material contract 8(vi) below. On 12th August, 1982 31,944 new Ordinary Shares of 1p each were allotted, credited as fully paid up, by way of bonus issue to existing shareholders and the existing 319,440 Ordinary Shares of 10p each were converted into Second Deferred Shares of 10p each.

2. Subsidiaries

The Company has the following subsidiaries, all of which are private companies and are wholly owned:—

Name	Date and country of incorporation		Issued share capital	General nature of business
Edmond Properties Limited	7.4.1959	England	£5,400	Property investment and holding company
Edmond (Builders) Limited	24.3.1961	England	£47,000	Construction and sale of houses
North Staffordshire Estates Limited	21.3.1936	England	£71,565	Property investment
Abalis Limited	4.12.1972	England	£351,703	Property holding and development
Mistfree Limited	13.5.1981	England	£110	Property investment
Lanlo Limited	5.8.1982	England	£100	Holding Company
Stan Spruk Limited	14.9.1969	England	£10,201	Dormant
A. E. Jenkinson Limited	13.5.1953	England	£3,311	Dormant
F. K. West Limited	30.7.1959	England	£10,010	Dormant
Merit Projects Limited	1.2.1947	England	£100	Dormant
Adaptahouse Limited	11.5.1972	England	£100	Dormant

3. Directors' and other interests

(a) At 18th April, 1983 the interests of the then Directors and the present Directors in the Company's share capital were as follows:

	Ordinary Shares of 10p	Option to Subscribe
M. R. Heathcote	50,000	100,000
J. Benjamin	50,000	100,000
S. J. Crossley	*10,000*	100,000
G. H. Mew	15,000	100,000
D. I. Dennett	10,000	25,000

Mr. D. Walsh has agreed to purchase 100,000 Ordinary Shares of 10p each and Brencham Limited, a Company controlled by Mr. M. R. Carlton, has agreed to purchase 175,000 Ordinary Shares of 10p each under the placing referred to in paragraph 4 below.

(b) At 18th April, 1983 there were the following shareholdings in excess of 5 per cent. of the current issued share capital of the Company:

	No. of Ordinary Shares	%
Thames Investment & Securities P.L.C.	2,871,807	28.7
Taddale Investments P.L.C.	2,861,607	28.6
Tring Hall Securities P.L.C.	870,448	8.7

Save as aforesaid, the Directors are not aware of any other shareholdings which represent 5 per cent. or more of the issued share capital of the Company.

(c) *Mr. J. Benjamin* is a director of and beneficially interested in approximately 11 per cent. of the ordinary share capital of Thames. Mr. Benjamin is also beneficially interested in 280,000 founders shares of 10p each in Thames. Thames owns 28.7 per cent. of the current issued share capital of the Company.

(d) Mr. M. R. Carlton is a director of and beneficially interested in 700,000 Ordinary Shares of 10p each in Taddale and Mr. D. Walsh is a director of and beneficially interested in 80,000 Ordinary Shares of 10p each in Taddale. Brencham Limited, a company controlled by Mr. Carlton, is beneficially interested in 3,500,000 Ordinary Shares of 10p each in Taddale (*approximately 11 per cent. of the current issued share capital*). *Mr. Carlton and Mr. Walsh are each directors of and indirectly interested* in 25 per cent. of the share capital of Carlton Whitten & Company Limited ("CW") which will be receiving a fee of £40,000 (exclusive of VAT) in connection with the preparation of this document and the Circular despatched to shareholders on 31st March, 1983 and which is a party to material contract 8(xix) below.

(e) Save as disclosed above, no Director has or has had any interest in any assets which have been within the last two years acquired or disposed of by or leased to the Company or any of its subsidiaries.

(f) Save for the Acquisition Agreement, the Crossley Agreement and the service agreements referred to below, there are no contracts or agreements in which a Director is materially interested and which are significant in relation to the businesses of the Company and its subsidiaries taken as a whole.

(g) Save as disclosed in material contracts 8 (x) and (xi) below, none of the Directors has a service agreement with any member of the Group and no such agreement is proposed.

(h) The aggregate emoluments of the Directors of the Company for the financial year ended 31st December, 1982 were £54,083. It is estimated that the aggregate emoluments of the current Directors (excluding discretionary bonuses) in a full year will be £40,500.

4. Acquisition Agreement

The Acquisition Agreement was entered into on 30th March, 1983 between Taddale and the Company and provides for the acquisition by the Company of the Taddale portfolio, details of which appear in the valuation of Edward Tish & Partners, Surveyors and Valuers, a copy of which is set out above. The consideration for the purchase is £2,780,000 to be satisfied by the issue of 19,857,142 Ordinary Shares of 10p each in the Company, credited as fully paid and ranking *pari passu* in all respects with the existing Ordinary Shares. The Acquisition Agreement is now conditional only upon the re-admission of the Company's Ordinary share capital to the Official List by the Council of The Stock Exchange.

Subject to the Acquisition Agreement becoming unconditional in all respects, Stemberg, Thomas Clarke & Co. ("STC") have undertaken to use their best endeavours to procure purchasers from Taddale at the price of 14½p per share of 16,604,064 Ordinary Shares of 10p each in the Company falling to be issued to Taddale as part of the consideration under the Acquisition Agreement. No part of the proceeds of this placing would accrue to the Company.

5. The Crossley Agreement

The Crossley Agreement was entered into on 24th March, 1983 between the Company, FL and Mr. S. J. Crossley and provides for the sale by the Company to FL of the whole of the issued share capital of Ermine Securities Limited ("Ermine") for a consideration of £25,000. Under the terms of the Crossley Agreement Mr. Crossley resigned as a Director and the company secretary of the Company upon payment to him of £25,000 by way of compensation for loss of office and in full and final settlement of any claims against the Company under his service agreement including any right to bonuses or otherwise against the Group. On completion the net amount owing by Ermine to other members of the Group was £206,185. It is a term of the Crossley Agreement that £29,749 of these loans be repaid by equal monthly instalments over the period of eighteen months after completion. The balance was converted upon completion into 5 per cent. Redeemable Preference Shares of Ermine. These Preference Shares will be redeemable in cash at par in 1988 and the 5 per cent. fixed dividend will be rolled up and paid on redemption. Completion of the Crossley Agreement took place on 25th April, 1983.

6. The Capital Reorganisation

(a) The Capital Reduction

At the Extraordinary General Meeting of the Company held on 25th April, 1983 shareholders approved the Capital Reduction which takes the form of cancelling the share premium account of the Company to the extent of £2,198,583. The Capital Reduction requires the confirmation of the High Court before it can become effective. This confirmation will be sought as soon as practicable and it is anticipated that it will come into effect by the end of June 1983.

(b) The Rights Issue

Subject to completion of the Acquisition Agreement, the Company proposes to offer new shares by way of rights to existing shareholders in order to raise approximately £1,350,000, after expenses. The net proceeds of the Rights Issue will be utilised to reduce the bank borrowings of the Group.

Subject to the Council of The Stock Exchange admitting the new Ordinary Shares to the Official List, the new Ordinary Shares of 10p each will be offered at 14p per share, payable in full on acceptance, to shareholders on the Register at the close of business on the 28th February, 1983 on the basis of one new Ordinary Share of 10p for each Ordinary Share of 10p so held.

The new Ordinary Shares, when fully paid, will rank *pari passu* in all respects with the existing issued Ordinary Shares and the new Ordinary Shares to be issued to Taddale under the Acquisition Agreement.

The subscription price for the new Ordinary Shares will be payable in full on acceptance. Any new Ordinary Shares not taken up will be sold in the market if a premium over the issue price and the expenses of sale can be obtained. The net proceeds (being the sale price after deducting expenses and the issue price) will be distributed pro rata amongst the provisional allottees originally entitled thereto and who have not taken up their rights, except for individual amounts of less than £2 which will not be so distributed but will be retained for the benefit of the Company.

Mr. Mew and Mr. Benjamin, Directors of the Company, have undertaken to take up their rights in respect of their total holdings of 65,000 shares. Taddale has undertaken to take up its entitlement in respect of its current shareholding of 2,861,607 shares (28.6 per cent. of the present capital).

Under an Agreement ("the Underwriting Agreement") dated 31st March, 1983 STC have agreed to underwrite the Rights Issue (*excluding the shares which will be taken up by Taddale and Messrs. Mew and Benjamin*). STC will be entitled to an underwriting commission of £24,985 (exclusive of VAT).

7. Articles of Association

The Articles of Association of the Company contain provisions, *inter alia*, to the following effect:—

Voting

(a) Voting Rights

Every holder of shares shall have one vote only on a show of hands, but on a poll shall have one vote for every Ordinary Share held by him.

(b) Variation of Class Rights

Special rights for the time being attached to any class of shares may be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares.

Borrowing Powers

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (so far as by such exercise they can secure) that the aggregate amount at any one time outstanding of all moneys borrowed or secured by the Company and/or its subsidiaries (excluding intra-group borrowings) shall not, without the consent of the Company in General Meeting exceed a sum equal to five times the adjusted capital and reserves as defined in the Articles of Association.

The expression "moneys borrowed" is defined so as to include the principal amount of any debenture, the amount of acceptance credits (other than in relation to the sale of goods in the ordinary course of business) and guarantees, and so as to exclude, *inter alia*, during the period of six months after the borrowing, borrowings effected to repay existing borrowings within six months and not so utilised within such period and, for a period of six months from the date of its becoming a subsidiary, amounts borrowed by a subsidiary at such date.

Directors

(a) No shareholding qualification is required of a Director.

(b) A Director shall not vote (nor be counted in a quorum) on any Resolution of the Board in respect of any transaction in which he is to his knowledge materially interested but this prohibition shall not apply to any of the following matters, namely:—

(i) the giving of any security or indemnity to the Director in respect of any money lent or obligations undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility;

(iii) the underwriting of any shares or debentures of the Company or any of its subsidiaries by the Director;

(iv) any transaction with any other company in which the Director is interested as an officer or shareholder or otherwise provided that he is not interested in 1 per cent. or more of the equity share capital of such company or of the voting rights available to members of the relevant company;

(v) the adoption, modification or operation of superannuation fund or retirement benefits scheme under which the Director may benefit;

(vi) any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner as the employees.

The foregoing prohibition may be suspended or relaxed by the Company in General Meeting.

(c) No Director shall be required to vacate his office and no person shall be disqualified from being appointed a Director by reason only of the fact that he has attained the age of seventy years, or any other age.

(d) The remuneration of the Directors for their services shall be determined by the Board but shall not exceed in aggregate £35,000 per annum or such other sum as the Company in general meeting may from time to time determine. In addition, each Director may be paid reasonable traveling, hotel and other incidental expenses of attending Board Meetings or otherwise properly incurred in the conduct of the Company's business. Any Director who in the opinion of the Board performs services beyond his ordinary duties as a Director, may be paid such extra remuneration as the Board may determine in addition to his ordinary remuneration as a Director.

(e) A Director may be appointed by the Board to any employment or executive office with the Company for such period, on such terms and or such remuneration (which may be in addition to his remuneration as a Director) as the Board may determine.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms thereof) of two or more Directors to any office under the Company or any company in which the Company is interested, such proposals may be considered in relation to each Director separately and in which case each of the Directors concerned (if not debarred by the proviso to sub-paragraph (b) (iv) above) may vote and be counted in the quorum in relation to each resolution except that concerning his own appointment.

(f) The Directors may grant pensions or annuities or other allowances to any person in respect of any executive director or former executive director or his relations, connections or dependants without the sanction of an Ordinary Resolution.

Reference should be made to the Articles of Association of the Company for their full terms and effect.

8. Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Group within two years immediately preceding the date of this document and are or may be material:—

(i) Seven conveyances and two transfers dated 5th May, 1981 variously made between Edmond [illegible] ("EP") (then called Allied Housing Group Limited), its subsidiaries or F. K. West Limited ("West") [illegible] Development Company Limited ("Westcott") (2) whereby certain farming and industrial land [illegible] Westcott for an aggregate consideration of £831,785 paid in cash;

(ii) Memorandum dated 5th May, 1981 setting out particulars (inter alia) of the transfer on 7th April [illegible] of the issued share capital of West by EP to APG for £245,819;

(iii) A conditional assignment dated 5th May, 1981 and made between APG (1) and EP (2) for the [illegible] an Agreement dated 26th July, 1980 between Guillemot Limited (1) and APG (2) for the [illegible] undeveloped land for a consideration of £480,000 paid in cash and completed on 14th October [illegible]

(iv) Two transfers dated 5th May, 1981 (as rectified by a Deed of Rectification dated 28th May, 1981 [illegible] Mellocrest Properties Limited ("Mellocrest") (a wholly owned subsidiary of Thames) (1) and [illegible] Regents Court, Blackpool and Granville House, Ramsgate were transferred by Mellocrest [illegible] consideration of £590,000 paid in cash;

(v) A Conveyance and Assignment dated 5th May, 1981 and made between Melavale Limited ("[illegible] owned subsidiary of Thames) (1) and Abalis (2) whereby certain land at Douglas Road [illegible] Atherton was transferred to Abalis for a consideration of £42,000 paid in cash;

(vi) An Agreement for lease and Lease, together with a letter of undertaking, all dated 5th May, 19[illegible] to sixth floors of Buckingham Court, 75/83 Buckingham Gate, London SW1 were demised by [illegible] owned subsidiary of Thames) to Abalis for a term of eighty years from 1st April, 1981 at a p[illegible] (which was satisfied by the issue, credited as fully paid up, of 319,340 shares of Abalis and the [illegible] in cash);

(vii) A Memorandum of Agreement dated 8th May, 1981 and made between Mellocrest (1) Mela[illegible] Abalis (4) and Thames (5) (as amended by a supplemental agreement dated 28th May, 1981) [illegible] the consideration payable in cash pursuant to the documents referred to in sub-paragraphs (vi) [illegible] deferred until 31st May, 1982 in consideration of Abalis paying interest on all the amount [illegible] Melavale and Chesscrest and on £90,000 of the amount payable in cash to Mellocrest at a ra[illegible] per cent. over Barclays Bank PLC's base rate from time to time and on the remaining £500,0[illegible] Mellocrest at a rate equivalent to the cost to Thames of funds made available to it by Bank B[illegible] Limited;

(viii) Agreement dated 6th May, 1981 and made between APG (1) and the Company (2) whereby the [illegible] the whole of the issued share capitals of EP and West for a consideration of £1,050,000 pa[illegible] allotment, credited as fully paid, of 2,500,000 Ordinary Shares of 10p each in the Company. The [illegible] an undertaking by APG not to compete with the Company for a period of 2 years from comp[illegible]

(ix) Agreement dated 8th May, 1981 and made between Thames (1) and the Company (2) w[illegible] purchased the whole of the issued share capitals of Abalis, Ermine and NSE for a consideration [illegible] in cash and the allotment, credited as fully paid, of 2,500,000 Ordinary Shares of 10p each [illegible] agreement contains an undertaking by Thames not to compete with the Company for a pe[illegible] completion. Thames also undertook to maintain its holding of Ordinary Shares in the Company [illegible] to not less than 20 per cent. of the current issued Ordinary share capital for a period of two y[illegible] which dealings in the Ordinary Shares in the Company commenced on The Stock Exchange;

(x) Service Agreement dated 28th May, 1981 and made between the Company (1) and Mr. G. H. [illegible] Mew acts as a Managing Director of the Group for a period of 3 years from 28th May, 1981, [illegible] by either party on three months' notice in writing, at a current annual salary of £21,000 (to b[illegible] together with an annual bonus to be paid at the discretion of the Directors of the Company having [illegible] earned by the Group in the preceding 12 months;

(xi) Service Agreement dated 28th May, 1981 and made between the Company (1) and Mr. D. I. [illegible] Mr. Dennett acts as Construction Director of Edmond (Builders) Limited for a period of 3 years f[illegible] terminable thereafter by either party on three months' notice in writing, at a current annual sa[illegible]

(xii) Agreement dated 28th May, 1981 and made between the then Directors of the Company (1) th[illegible] Hall Securities P.L.C. ("Tring Hall") (3) APG (4) and Thames (5) whereby Tring Hall agreed to [illegible] subscribers for 4,500,000 Ordinary Shares of 10p each in the Company at the price of 35p per s[illegible] of a fee of £25,000 plus legal, accounting and other expenses;

(xiii) Deeds of grant dated 28th May, 1981 and made between the Company (1) and the individuals ref[illegible] 9 below (2) in respect of the options therein referred to;

(xiv) Prospectus dated 28th May, 1981 issued in connection with the placing of 4,500,000 Ordinary [illegible] at Allied at 35p per share.

(xv) the Crossley Agreement;

(xvi) Undertakings dated 24th March, 1983 given by Mr. Mew and Mr. Benjamin to the Company a[illegible] Mew and Mr. Benjamin have undertaken to take up their entitlement to rights in respect [illegible] shareholdings as referred to in paragraph 6 (b) above.

(xvii) Agreement dated 30th March, 1983 and made between Taddale (1) and the Company (2) b[illegible] Agreement;

(xviii) the Underwriting Agreement;

(xix) Agreement dated 25th April, 1983 and made between the Company (1) and CW (2) whereby [illegible] corporate and financial advisers to the Company and provide certain other services including [illegible] Carlton and Mr. Walsh as directors and of the Company Secretary) for a term of five years fro[illegible] an annual fee of £20,000 (exclusive of VAT) plus expenses (subject to review).

9. Particulars of the Share Option Scheme

On 8th May, 1981 the Company adopted a Share Option Scheme pursuant to which options to acq[illegible] in the Company may be granted to Directors and executives of the Company and its subsidiaries. An optio[illegible] to subscribe for 100,000 Ordinary Shares at 35p per share has been granted to each of J. Benjamin and [illegible] on the same terms but in respect of 25,000 Ordinary Shares have been granted to each of D. I. Dennett, and [illegible] Architect). The options for 100,000 Ordinary Shares granted to M. R. Heathcote, S. J. Crossley and W. M. L[illegible] of the Company are no longer exercisable. An option for 25,000 ordinary Shares granted to W. Siddle, a [illegible] the Company, is no longer exercisable. No consideration was paid for the grant of these options which m[illegible] before 28th May, 1983 and may then be exercised in part or in whole at any time up to 28th May, 1988.

The maximum number of Ordinary Shares which may be issued under the Scheme is 675,000 unle[illegible] of the Company in general meeting approve otherwise. The aggregate nominal value of Ordinary Shares whi[illegible] by any participant under the Scheme under options granted and unexercised from time to time may not e[illegible]

The subscription price for any further options granted will be the middle market quotation as deriv[illegible] Exchange Daily Official List for the Ordinary Shares in the Company at the close of business on the working [illegible] which the relevant option is granted or the nominal value of those shares, whichever is the higher. If a pa[illegible] a Director or full time employee of the Company or of one of its subsidiaries, options are no longer exer[illegible] cessation is due to retirement at normal retiring age (or at a younger age with the consent of the Directors [illegible] disability, ill health or redundancy or as a result of his employing Company ceasing to be a member of [illegible] situations and also in the event of death of a participant, options may be exercised within six months of th[illegible] The Board has discretion to permit exercise of options on the cessation of employment of a participant in cir[illegible] that participant's control.

10. General

(a) Save as disclosed in paragraph 1 above and for the shares to be issued pursuant to the Acquis[illegible] the Rights Issue referred to herein, no share or loan capital of the Company or any of its subsidiaries h[illegible] immediately preceding the date hereof been issued or agreed to be issued or is now proposed to be issued fo[illegible]

(b) Save as disclosed in paragraph 9 above no share or loan capital of the Company or any of its [illegible] option or has been conditionally or unconditionally agreed to be put under option.

(c) Save as disclosed in material contracts 8 (xii) and (xvii) above, within the two years immediately [illegible] hereof, no commissions, discounts, brokerages or other special terms have been granted by the Com[illegible] subsidiaries in connection with the issue or sale of any part of their share or loan capital.

(d) The Directors are not aware of any litigation or claims of material importance pending or thr[illegible] Company or any of its subsidiaries.

(e) Save as mentioned in paragraphs 4, 5 and 6 above there has been no material change in the financi[illegible] of the Company and its subsidiaries since 31st December, 1982.

(f) Subject to the placing arrangements mentioned in paragraph 4 above there is no agreeme[illegible] understanding between Taddale or any of its subsidiaries and any third party for the transfer to the third [illegible] consideration shares to be issued pursuant to the Acquisition Agreement, but Taddale reserves the right to [illegible] shares to another member of its group.

(g) Save as referred to in paragraphs 4 and 6 above, no material issue of shares in the Comp[illegible] shareholders *pro rata* to existing holdings) will be made within one year from the date of relisting of the Comp[illegible] capital except with the prior approval of the Company in general meeting.

(h) Save for the compensation payment of £10,000 to Mr. M. R. Heathcote, there is no agreeme[illegible] understanding existing between Taddale or any person acting in connection with it and any Director or re[illegible] shareholder or recent shareholder, of the Company having any connection with or dependence upon the Acq[illegible]

(i) The expenses relating to the Acquisition Agreement, the Crossley Agreement, the Capital Reducti[illegible] and the relisting of the Ordinary share capital of the Company are estimated to amount to £250,000 (exclu[illegible] payable by the Company.

(j) Edward Tish & Partners, Donaldson & Sons, Stemberg, Thomas Clarke & Co. and Peat, Marwick, M[illegible] given and have not withdrawn their respective written consents to the inclusion herein of their respecti[illegible] references to them in the form and context in which they respectively appear.

11. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Durrant Piesse, 73 [illegible] EC2V 6ER during usual business hours on any weekday (other than Saturdays and public holidays) until [illegible]

(i) the Memorandum and Articles of Association of the Company;

(ii) the audited consolidated accounts of the Group for the two financial years ended 31st Decem[illegible]

(iii) the Accountants' Report of Peat, Marwick Mitchell & Co. together with the statement of adjustme[illegible]

(iv) the Valuation Report of Donaldsons;

(v) the Valuation Reports of Edward Tish & Partners;

(vi) the letters on profit forecast from Peat, Marwick, Mitchell & Co. and Stemberg, Thomas Clark[illegible]

(vii) the written consents referred to in paragraph 10 (j) above;

(viii) the material contracts listed in paragraph 8 above.

Dated 25th April, 1983.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

NORTH AMERICAN QUARTERLY RESULTS

SHERWIN-WILLIAMS		
First quarter	1983 $	1982 $
Revenue	438.7m	402.6m
Net profits	2.2m	1m
Net per share	0.09	0.04

SINGER		
First quarter	1983 $	1982 $
Revenue	604m	665m
Net profits	3.1m	4.6m
Net per share	0.10	0.19

RYDER SYSTEM		
First quarter	1983 $	1982 $
Revenue	519.7m	484.4m
Net profits	14.9m	13.6m
Net per share	0.68	0.64

ST. REGIS PAPER		
First quarter	1983 $	1982 $
Revenue	649.8m	675.1m
Net profits	11.2m	22.4m
Net per share	0.32	0.68

SCHERING-PLOUGH		
First quarter	1983 $	1982 $
Revenue	471.8m	472.9m
Net profits	67.1m	58.3m
Net per share	1.25	1.08

SHELL CANADA		
First quarter	1983 C$	1982 C$
Revenue	—	—
Net profits	18m	24m
Net per share	0.13	0.17

SOCAL EDISON		
First quarter	1983 $	1982 $
Revenue	1.04bn	1.13bn
Net profits	150.5m	107.7m
Net per share	1.54	1.18

UNION PACIFIC		
First quarter	1983 $	1982 $
Revenue	2.14bn	1.28bn
Net profits	62.5m	40m
Net per share	0.51	0.80

U.S. AIR		
First quarter	1983 $	1982 $
Revenue	311.7m	279.2m
Net profits	†1.9m	10.9m
Net per share	†0.09	0.82

† Loss

U.S. GYPSUM		
First quarter	1983 $	1982 $
Revenue	347m	308.5m
Net profits	7.83m	3.06m
Net per share	0.46	0.17

European options appear today on Page 36

LONDON TRADED OPTIONS

Apr. 25 Total Contracts 6,023 Calls 2,712 Puts 611

* Underlying security price.

FT UNIT TRUST INFORMATION SERVICE

Authorised Units—continued

Insurances—continued

Offshore and Overseas—continued

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

Income Accum.	[illegible]	[illegible]	[illegible]	—
Do. Initial	[illegible]	[illegible]	[illegible]	—
Man. Pens. Accum.	[illegible]	[illegible]		—
Do. Initial	[illegible]	[illegible]		—
Gilt-Edg. Pens. Accum.	202.7	[illegible]		—
Do. Initial	[illegible]	[illegible]		—
Money Pens. Accum.	[illegible]	[illegible]		—
Do. Initial	[illegible]	[illegible]		—

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		[illegible]		—
Managed Inv. Fd.	[illegible]	[illegible]		—
Property Fd.	[illegible]	[illegible]		—
Fixed Interest Fd.	[illegible]	[illegible]		—
Cash Fd.	[illegible]	[illegible]		—
Income Fd.	[illegible]	[illegible]		—
Extra Income Fd.	[illegible]	[illegible]		—
Worldwide Growth Fd.	[illegible]	[illegible]		—
Balanced Fd.	[illegible]	[illegible]		—
Smlr Co's & Recv. Fd.	[illegible]	[illegible]		—
Int. Technology Fd.	[illegible]	[illegible]		—
Nth. Amer. & Gen. Fd.	[illegible]	[illegible]		—
Energy Int. Fd.	[illegible]	[illegible]		—
Pacific Basin Fund	[illegible]	130.45		—

British National Life Assurance Co. Ltd.
Harlands Rd., Haywards Heath. 0444 414111

Equity	[illegible]	[illegible]		—
Institutional	[illegible]	[illegible]		—
Property	[illegible]	[illegible]		—
Deposit	[illegible]	[illegible]		—
Fixed Interest	96.0	[illegible]		—
Managed	[illegible]	[illegible]		—
Equity Pens Cap.	[illegible]	[illegible]		—
Intnl. Pens. Cap.	[illegible]	[illegible]		—
Property Pens Cap.	[illegible]	[illegible]		—
Deposit Pens Cap.	[illegible]	[illegible]		—
Fixed Int Pens Cap.	[illegible]	[illegible]		—
Managed Pens Cap.	105.5	[illegible]		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	120.7	[illegible]	-0.2	—
GT Pln High Yld Fnd	[illegible]	[illegible]		—
GT Plan Far East Fnd	[illegible]	[illegible]		—
GT Pln N Am Fund	[illegible]	[illegible]		—
GT Pln UK&G.E. Fnd	[illegible]	[illegible]		—
GT Pln Wrldwde Fnd	[illegible]	[illegible]	-0.1	—
GT Pension Bnd Fnd	[illegible]	[illegible]	-0.1	—
GT Pen High Yld Fd	[illegible]	[illegible]		—
GT Pen Far East Fd	[illegible]	[illegible]		—
GT Pen N. Am Fd	[illegible]	[illegible]		—
GT Pen UK & G.E. Fd	[illegible]	[illegible]		—
GT Pen Worldwide Fd	[illegible]	[illegible]		—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0730

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1322

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

OFFSHORE AND OVERSEAS

NOTES

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for April 25.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¾ 90	100	97⅝	98⅛	0	−0⅛	10.69
Amro Bank 13 88	200	107¼	107¾	+0⅛	−0⅜	11.27
Bank of America 8 88 XW	150	69⅝	69⅛	—	—	10.76
Bank of Tokyo Hold 11 90	100	99½	100	+0¼	+0⅜	11.05
British Col Hyd 10¼ 88	200	98½	99	0	−0⅜	10.58
British Col Hyd 15¼ 92	150	119⅛	119⅝	+0⅞	+0⅝	11.88
Canada 14⅞ 87	750	112¼	112¾	+0⅞	+0⅜	10.47
Canadair Ltd 12½ 89	175	106¼	106⅜	0	0	11.02
Canadian Wheat 11¼ 90	50†	102¼	102¾	+0⅜	+1	10.73
Can Pac Sec 15 00	75	118⅛	118⅝	+0⅝	+0¼	12.48
Coca Cola Int 9⅛ 92	100	25½	26	0	+0⅛	10.00
Coca Cola Int 11⅞ 89	100	105	105½	+0⅛	0	10.55
Credit Suisse BHA 10½ 90	150	99¾	100⅜	+0⅛	−0⅜	10.46
Credit Suisse 10½ 89	100	101⅞	102⅜	+0⅜	−0¼	15.02
Deutsche Bk Fin 14⅛ 89	300	112¼	112¾	+0¼	−0⅛	11.33
Du Pont 11¼ 95	150	102⅞	103⅜	+0⅛	+0⅛	10.75
Du Pont 14⅛ 89 WW	200	108¾	109¼	+0¾	+0⅜	11.88
E.D.C. 10¾ 88	100	100¼	100¾	+0⅛	−0¼	10.58
E.E.C. 10¾ 95	75	95	95½	+0⅛	−0⅜	11.33
E.E.C. 11½ 95	200	150	100½	+0⅜	+0¼	11.44
E.I.B. 11 91	125	99⅝	100⅛	+0¼	+0⅜	11.01
E.I.B. 15½ 92	100	114¾	115	+0¼	+0½	12.67
Exp Dev Corp 11⅞ 87	100	102⅞	103⅜	+0½	−0⅜	10.90
Forsmarks 13¾ 92	75	107⅜	107⅞	+0¼	−0⅛	12.38
Gaz de France 12¼ 93	175	21½	22	+0¼	+0⅛	11.94
Gen Elec Credit 9⅝ 91	100	15⅝	16¼	+0⅝	+0⅝	10.49
Gen Elec Credit 12 89	100	107¼	107¾	+0⅜	+0⅛	10.32
GMAC O/S Fin 10½ 90	200	99½	100	+0⅝	+0⅜	10.53
GMAC O/S Fin 15 87	100	110¼	110¾	+0¼	+0½	11.80
Gulf Oil Fin 12¼ 87	100	104⅝	104⅞	+0⅛	−0⅛	10.84
Honeywell Int 10⅞ 00	100	98⅝	99⅛	+0⅛	−0¼	10.95
IBM World Trade 12¼ 92	200	110⅛	110⅝	+0⅛	−0¼	10.44
Manitoba Prov 11⅞ 89	125	104½	104⅞	+0½	+0⅜	10.75
Manitoba Prov 13⅞ 89	100	109⅝	110⅛	+0¼	+0¼	11.43
Midland Int Fin 11½ 92	150	101⅝	102⅛	+0¼	+0¼	11.15
Nat West Fin 11⅞ 92	150	103⅝	104⅛	+0⅛	+0½	11.04
New Brunswick 15¼ 87	75	111¼	111¾	0	−0¼	11.63
Newfoundland 15½ 90	75	115	115½	+0⅛	+0¾	12.10
Nippon Credit 11¼ 93	100	98½	99	+0⅛	+0⅛	11.45
Nova Scotia Prv 15¼ 89	75†	113¾	114½	0	−0⅛	11.80
O.K.B. 10 91	100	95	95½	−0⅛	−1⅛	10.92
Ontario Hydro 11¼ 89	200	103⅛	103⅝	+0⅜	0	10.58
Ontario Hydro 12⅜ 92	200	108	108½	+0⅜	0	11.26
Ontario Hydro 15 92	100	117½	118	0	−0⅜	11.73
Prudential O/S 10⅛ 89	100	100	100½	+0¼	−0⅛	10.58
Prudential O/S 12⅜ 87	150	107¼	107¾	0	−0¼	10.52
Quebec Hydro 11½ 92 0	100	102¼	102¾	+0⅛	−0⅛	11.94
R. J. Reynolds 12⅜ 89	100	106⅛	106⅝	+0¼	+0⅛	11.27
Saskatchewan Pr 10¾ 00	125	99⅛	99⅝	0	−0⅛	10.85
S.N.C.F. 11½ 93	100	99¾	100¼	0	−0⅜	11.49
Swiss Bk Corp 10¼ 50	125	101½	102	+0⅜	−0⅛	9.88
Texaco Capital 9⅜ 90	150	95¾	96¼	+0⅛	−0⅛	10.59
U.B.S. 11 89	150	104¼	104¾	+0⅜	+1	10.00
Walt Disney Pro 12½ 89	75	106⅛	106⅝	+0¼	0	10.86
World Bank 10⅞ 88	150	99½	99⅞	+0½	−0⅛	10.54
World Bank 10¾ 93	100	95¼	95¾	+0½	−0¼	10.96
World Bank 11⅛ 98	100	99⅜	99⅞	+0½	−0⅜	11.16

Av. price changes: on day +¼, on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 8¼ 92	00	100½	101	0	−0⅜	8.12
Australia 6⅞ 93	200	99	99½	+0⅛	−0⅛	6.98
Australia 7¾ 92	200	103⅝	104⅛	+0⅛	−0⅜	7.15
Bank of Tokyo 7¼ 90	100	99¾	100¼	+0⅛	−0⅛	7.24
Bayer Capital 7⅞ 93	100	104¾	105½	0	0	6.62
Caisse Nat Energie 8 93	100	99⅞	100⅜	+0⅛	−0⅛	7.97
Caisse Nat Tele 7¾ 93	200	98	98½	+0⅛	−0⅛	8.01
E.C.S.C. 7½ 92	150	98⅞	99⅜	−0⅛	−0⅜	7.82
E.E.C. 7¾ 95	200	100	100½	−0⅜	0	7.71
E.E.C. 0 94	200	100½	101¼	−0⅛	−0¼	7.87
Eurofima 7½ 91	100	101⅞	101⅞	0	−0¼	7.22
Ferrovie Dello 8⅜ 88	100	102	102½	0	−0½	8.16
Gould Int Fin 8⅛ 89	75	103⅞	104⅛	0	+0⅛	7.50
H.J. Heinz Int 6⅞ 88	50	100⅛	100⅝	0	+0⅜	6.61
Int-Am Dev Bk 8¼ 93	150	101	101½	−0⅛	−0⅛	8.05
Ireland 8½ 90	100	101⅞	101⅞	−0¼	−0⅜	8.17
Ireland 8⅞ 91	100	102⅞	103⅛	0	+0½	8.38
ITT Antilles 7 93	200	95	95½	0	−0⅛	7.25
McDonalds Fin 7⅛ 92	100	101½	102¼	0	+0½	6.85
Mitsui O.S.K. 7¼ 88	100	100¼	100¾	0	−0⅜	7.11
Mount Isa Fin 7⅝ 90	100	98½	98⅞	+0⅜	+0⅛	7.93
Quebec Hydro 8 93	200	102⅞	103⅛	+0⅜	−0⅛	7.55
Sweden Kingdom 8⅛ 89	150	101⅞	102⅜	+0⅛	−0⅛	7.78
Volkswagen Int 7¼ 92	200	97⅞	98⅜	+0⅜	−0¼	7.52
World Bank 7¼ 93	200	98	98½	0	−0⅛	7.58

Av. price changes: on day 0, on week −⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 5½ 95	100	89	89¼	0	0	5.99
American Express 4⅞ 93	100	89⅛	89⅝	−0⅛	−2⅜	5.25
Asian D.B. 5⅞ 95	100	89	89¼	−0¼	−0⅛	5.98
BTR Finance 5⅞ 93	75	98¾	99½	+0⅛	0	5.84
Carls-Tuborg Brw 5¾ 93	80	103	103¼	0	+0½	5.34
Chugoku Ele Pow 6⅛ 91	100	103	103¼	+0½	−0⅛	5.61
Chugokuya Co 5⅞ 92	50	97⅞	98¼	−0⅛	+0⅜	6.15
E.I.B. 5¾ 93	100	99¼	99½	−0⅜	−0⅜	5.83
Ex-Im Bk Japan 5 93	100	97	97¼	−0½	−1	5.38
First Interstate 8 92	100	103½	103¾	−0½	−0¼	5.58
Fuji Electric Co 6 93	100	100⅛	100⅝	−0⅜	+0¼	5.97
Gothenburg Airport 8 93	50	100	100¼	0	−0½	5.98
HCA Finance 5 93	100	97⅞	98⅛	+0⅛	−0⅛	5.26
Manitoba Prov 5¼ 92	100	101	101½	+0⅜	−0⅜	5.06
Nippon Express Co 6 92	50	100½	100¾	−0⅛	−0½	5.91
Nippon Kokan 5⅞ 93	193	98	98¼	−0¼	−0¼	6.16
Norsk Hydro 5½ 98	100	98¼	98½	0	2	5.85
O.K.B. 6¼ 93	93	102	102¼	+0⅜	−0½	6.44
Quebec 5⅞ 92	100	102½	102¾	+0¼	−0½	5.38
Shikoku Elec Pow 5⅞ 93	100	98	98¼	0	0	5.88
Tohoku Elec Power 6 93	100	100⅝	101⅛	+0¾	+0⅛	6.86
Transcanada Pipe 5⅝ 93	100	98⅞	99½	−0⅜	−0⅜	5.88
Trizec Corp 6¼ 91	100	101¼	101½	0	+0¼	6.03
Union Bk Norway 5⅞ 93	60	97¾	98	+0⅛	0	5.66
Yokus 5½ 91	60	101⅞	102	+0¼	0	5.07
World Bank 5½ 93	100	100¼	100½	0	−0¼	5.45

Av. price changes: on day 0, on week −⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅞ 92	15	105⅞	106⅜	+0⅛	+0¼	7.73
E.I.B. 8⅛ 92	15	102¼	103	0	0	7.83
Japan Airlines 7⅞ 87	9†	101¼	101¾	0	0	7.40
New Zealand 7⅞ 89	15	101	101½	+0⅜	+0¼	7.33
World Bank 8⅛ 92	20	103½	103⅞	0	0	7.81

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Cepme 12½ 90 CS	50†	99½	99	0	+0¼	12.76
Farm Credit 12¾ 93 CS	50†	102	102½	−0⅛	−1⅛	11.72
Interprov Pipe 12¾ 93 CS	50†	99	99½	+0½	+0½	12.38
Pancanadian 12½ 93 CS	50†	99⅝	100⅛	0	+0¼	12.49
Quebec Hydro 14 92 CS	60†	107½	108	+0⅛	+0½	12.53
Swed Exp Cr 12¾ 88 CS	50†	102½	103	−0¼	0	11.45
Trans Mount 12½ 90 CS	20†	98	98	—	—	12.83
E.I.B. 11⅞ 91 ECU	80	99¼	100⅜	+0⅛	−0⅛	11.79
Quebec Prov 11½ 89 ECU	50	90	97	−0¼	+0½	12.35
Amev 9½ 87 Fl	80	103½	104	−0⅜	−1⅛	8.46
Austria 7½ 88 Fl	100	99⅞	100⅜	−0⅛	−0⅛	7.46
Nederland Gas 7½ 88 Fl	100	100¼	100¾	+0⅛	0	7.37
Nedar Middk 9⅛ 87 Fl	100	104¼	104¾	−0⅛	−0⅜	8.03
Quebec Prov 7½ 88 Fl	190	99⅛	99⅝	+0⅛	0	7.65
World Bank 7 88 Fl	150	98	98½	0	−0¼	7.44
O.K.B. 14 86 FF	400	100	101	−0⅛	+0½	13.71
Solvay & Cie 14¾ 86 FF	200	100⅝	101⅝	0	+0⅜	14.31
B.F.C.E. 14½ 87 £	30	107⅜	108⅜	+0¼	−0⅜	11.95
C.E.C.A. 13½ 88 £	20	105½	106½	+0⅜	−0⅜	11.90
C.N.T. 12½ 89 £	20	100⅞	101⅞	0	−0⅜	12.14
E.E.C. 11⅞ 91 £	50	99½	100¼	+0¼	−0⅛	11.88
Fin For Ind 12¾ 88 £	30	102⅞	103⅞	+0⅜	−0⅛	11.35
Fin Nat Gronj 12¾ 92 £	30	100⅞	100⅞	0	+74½	12.50
Gen Elec Co 12½ 89 £	00	104⅝	105⅝	−0⅛	−0¼	11.29
Hiram Walker 14⅛ 88 £	25	106⅞	107⅞	+0¼	−0⅛	11.15
Must Bk Fin 11⅞ 88 £	15	26⅜	27⅜	+0⅛	+0¼	12.43
Norsk Hydro 12 90 £	30	101¼	102	+0⅜	−0¼	11.61
Norsk Hydro 14½ 87 £	30	107⅞	108⅝	+0⅛	−0¼	11.88
Quebec 14½ 89 £	30	108⅜	108⅝	0	−0⅛	12.27
S.D.R. France 15½ 92 £	30	101	108	+0¼	−0¼	13.97
S.N.C.F. 11½ 89 £	30	96⅝	97⅝	−0⅛	−1	12.21
Tenneco Int 14⅜ 87 £	30	107⅞	108⅞	0	−0⅜	12.98
World Bank 11⅞ 91 £	75	97¼	98	+0⅜	0	11.84
Euratom 11 93 LuxFr	500	102⅝	103⅝	+0⅛	+0⅛	10.46
Europarat 12½ 92 LuxFr	500	104¼	105¼	0	+0¼	11.81

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Bank of Tokyo 5¼ 91 (D)	0⅛	100¼	100⅝	10/6	9⅝	9.76
B.F.C.E. 5¼ 88	0¼	99⅛	99⅝	28/7	9⅛	9.21
B.F.C.E. 5¼ 87	0¼	99⅝	99⅞	27/7	9.94	9.96
Caisse Nat Tele 5¼ 90	0⅛	98¼	98¾	21/10	9.56	9.61
C.C.F. 5¼ 95	0¼	99⅝	99⅞	7/10	10.10	10.21
C.C.F. 5¼ 98	0¼	99⅝	100⅛	24/9	9.94	9.94
Cepme 5¼ 88 WW	0¼	99⅝	99⅞	3/6	5¼	5.27
Cepme 5¼ 92	0¼	98⅝	99⅛	10/6	9.94	9.96
Chemical NY 5¼ 94 ††	0¼	100½	101	23/6	9⅞	9.80
Credit Agricole 5¼ 97	0¼	99⅝	100⅛	24/6	10	10.01
Credit du Nord 5¼ 92	0¼	98⅝	99⅛	23/6	10⅛	10.21
Credit Lyonnais 5¼ 97	0¼	99⅝	100⅛	7/10	10.06	10.06
Credit Lyonnais 5¼ 94	0¼	99⅝	99⅞	5/7	9⅞	9.79
Credit Nat 5¼ 94	0¼	99⅝	99⅞	9/8	9⅜	9.33
E.D.F. 5¼ 95 XW	0¼	99⅝	99⅞	16/8	10	10.04
Kansallis Osake 5½ 92	0¼	99⅞	100⅜	4/5	10.05	10.05
Long Term Cred 5¼ 92	0⅛	100	100¼	27/5	10⅛	10.11
J.P. Morgan 5¼ 97 S	0⅛	100½	101	12/5	9½	9.43
New Zealand 5¼ 87	0⅛	100⅜	100⅞	7/10	10.06	10.00
NZ Steel Dev 5¼ 92	0¼	100⅛	100⅝	22/6	10.19	10.15
Nippon Credit 5¼ 90	0¼	100¼	100⅝	10/8	9⅜	9.33
Scotland Int 5¼ 92	0⅛	100½	100⅞	23/7	9.94	9.91
Sec Pacific 5¼ 91	0⅛	99⅝	100¼	24/5	10.06	10.06
Société Générale 5¼ 95	0¼	99¼	99⅝	1/9	9½	9.55
Standard Chart 5¼ 91	0⅛	100⅛	100⅝	14/5	10.03	10.05
Sweden 5¼ 93	0¼	99⅝	100⅛	3/8	10.19	10.20
Sweden 5¼ 88	0¼	99½	100	26/8	9⅝	9.55

Av. price changes on day 0, on week −⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 00	7/81	948.2	99	100½	+0½	3.23
Bridgestone Tire 5½ 96	3/82	478	108⅞	110⅞	+0⅜	3.73
Canon 7 97	7/82	748.2	104⅝	106⅝	−0¼	−1.25
Fujitsu Fanuc 4½ 96	10/81	4481	121¾	123¾	+2½	3.10
Hitachi Cable 5¼ 96	2/82	515	98⅛	99⅝	+0½	7.86
Hitachi Credit Corp 5 96	7/81	1812	94⅝	96⅝	+0¼	10.41
Honda Motor 5½ 97	3/82	758.6	113⅞	115⅝	−0⅜	2.00
Kawasaki 5¼ 96	8/81	229	85⅝	87⅝	+0⅜	27.90
Kumagai Gumi 6½ 97	10/82	408	114¼	115⅝	+2⅜	2.86
Kyowa Hakko 6¼ 97	2/83	782	104⅞	106⅛	+1⅛	12.27
Marui 8 96	7/81	769.5	123⅞	125⅝	−0⅜	6.58
Minolta Camera 5 96	10/81	826.4	84½	86	−1	48.31
Murata 5¼ 98	7/81	1714	114⅝	116⅛	−1⅛	1.77
Nippon Electric 5¼ 97	2/82	785.9	125¼	126⅞	−0⅜	4.01
Nippon Oil Co 5½ 98	4/83	984	97	98¼	+0⅜	7.35
Nissan Motor 5¼ 98	4/83	770	96⅞	98⅛	+0⅜	2.78
Olympus Optical 6⅜ 97	12/82	1331	101¼	102⅞	+0⅜	9.14
Orient Finance 5¼ 97	3/82	827.2	104⅝	106⅛	−0⅜	3.88
Sumitomo Electric 5½ 97	3/82	577.3	96⅞	100⅜	−0½	3.61
Sumitomo Metal 5¼ 96	10/81	298.1	80	81½	+0⅜	52.88
Fujitsu 3½ 93 SF	3/83	968	107½	109½	0	11.78
Sharp Corp 3½ 93 SF	3/83	1186	111¼	113¼	−0⅛	−0.98
Konishiroku 6⅜ 88 DM	8/82	815	111	112	0	8.25
Mitsubishi Heavy 0 89 DM	2/82	283	107½	108⅝	+0⅜	15.79
Sam Realty 6¼ 92 DM	2/83	395	115½	116½	+0⅜	−0.56

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Seagram increases equity-linked bond

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

NEW EVIDENCE of the current fashion for equity-linked Eurobonds emerged yesterday with the launch of an issue for Seagram, the Canadian distillery concern, which was increased to U.S. $125m from $100m in a matter of hours.

Each 7 per cent, $1,000 bond bears 28 warrants to purchase one common share a piece in the company at a price of $37 each, giving a premium of around 16½ per cent over last week's closing price of $31.75. But the market brushed this large premium aside, and even after the issue had been increased the bonds were trading at around 104½ compared with their issue price of par.

Lead managers of the issue are Wood Gundy, Goldman Sachs, Morgan Grenfell and Salomon Brothers. The bonds mature in 1993, but are callable in 1989 at 103, declining in one-point stages annually thereafter.

Stripped of the warrants, the bonds were trading yesterday afternoon at around 76½, giving an effective value of about $10 to each warrant. The warrants may be exercised at any time over the next five years and four months. After five years the bonds can be used in payment for the shares.

The Seagram issue proved so popular that Wood Gundy said last night that completion might be accelerated to this Thursday instead of next week. It was the only new dollar bond to be launched in a market that was generally firm, with seasoned issues gaining around ¼ point on the strength of favourable U.S. money supply figures.

Yesterday's other main feature was a new £100m, 25-year bulldog issue for New Zealand which is to be priced tomorrow at a yield of 130 points over the British Treasury stock maturing in 2004/08. This is the first bulldog since January and the first ever to be launched at a discount of more than five points.

Lead managers S. G. Warburg said yesterday that the bonds would be priced at or near a minimum of 92½. This is understood to follow changes in taxation treatment of discounted bonds in the last budget. Discounts of ½ point for each year of an issue's life (subject to a maximum of 15 points) are now to be treated as capital gains rather than income for investors subject to UK tax. The New Zealand issue is partly paid to 30 per cent with the balance due in September, and initial reception was said to be good, helped by the lack of new British Government paper at the long end of the market.

In Germany, the European Investment Bank is raising DM 200m over 10 years through a 7½ per cent bond priced at par

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$400	11	44	—	—	—	—	$442.45
GOLD C	$425	3	25	—	—	—	—	"
GOLD C	$450	56	10	16	27	15	45	"
GOLD C	$475	5	3	54	18	26	30	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS 8,144

A=Asked B=Bid C=Call P=Put

International Guide to the Arts

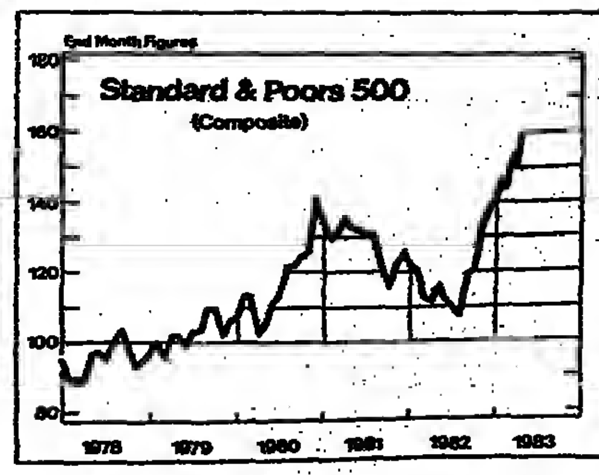
Every Friday, the international edition of the Financial Times publishes a comprehensive guide to all major artistic functions in Europe and North America.

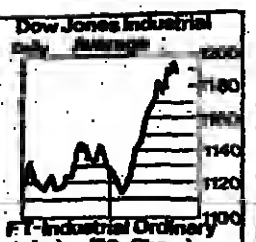
The latest productions in the visual and performing arts are listed while Financial Times critics offer topical reviews of the most recent film premieres in London.

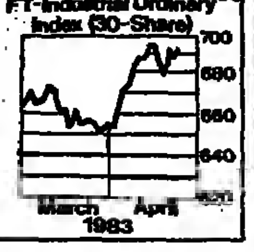
SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Tuesday April 26 1983

Gloomy outlook on sugar cane harvest, Page 41

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	April 25	Previous	Year ago
DJ Industrials	1187.21	1196.3	862.16
DJ Transport	518.82	527.24	345.61
DJ Utilities	126.02	127.17	114.59
S&P Composite	160.25	160.42	118.64
LONDON			
FT Ind Ord	693.3	638.0	568.0
FT-A All-share	439.16	435.70	326.71
FT-A 500	477.78	473.96	354.40
FT-A Ind	440.89	438.75	318.87
FT Gold mines	655.1	643.9	267.1
FT Govt secs	81.60	81.24	67.59
TOKYO			
Nikkei-Dow	8596.09	8597.38	7333.94
Tokyo SE	623.22	623.16	536.94
AUSTRALIA			
All Ord.	closed	597.4	496.9
Metals & Mins.	closed	547.6	368.1
AUSTRIA			
Credit Aktien	55.25	54.42	52.49
BELGIUM			
Belgian SE	121.47	121.83	99.27
CANADA			
Toronto Composite	2339.3*	2328.84	1583.20
Montreal Industrials	399.06*	396.24	288.33
Combined	391.47*	389.32	270.90
DENMARK			
Copenhagen SE	138.36	139.03	94.14
FRANCE			
CAC Gen	119.5	119.6	107.8
Ind. Tendance	124.4	125.4	119.2
WEST GERMANY			
FAZ-Aktien	319.59	316.25	238.1
Commerzbank	957.1	948.0	725.7
HONG KONG			
Hang Seng	1041.07	1006.53	1235.84
ITALY			
Banca Comm.	closed	190.27	193.36
NETHERLANDS			
ANP-CBS Gen	125.9	125.9	93.4
ANP-CBS Ind	105.2	105.3	73.5
NORWAY			
Oslo SE	178.25	170.9	104.92
SINGAPORE			
Straits Times	927.69	917.91	763.72
SOUTH AFRICA			
Golds	n/a	903.3	444.7
Industrials	n/a	940.5	589.0
SPAIN			
Madrid SE	closed	110.9	123.34
SWEDEN			
J & P	1384.12	1395.67	569.85
SWITZERLAND			
Swiss Bank Ind	321.10	319.3	260.2
WORLD	Apr 22	Prev	Yr ago
Capital Int'l	174.5	174.2	135.0

GOLD (per ounce)

	April 25	Prev
London	$440.00	$435.50
Frankfurt	$441.50	$437.25
Zürich	$442.50	$437.50
Paris (fixing)	$442.05	$434.98
New York (April)	$436.90	$439.20

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR April 25	U.S. DOLLAR Previous	STERLING April 25	STERLING Previous
£	1.5660	1.5455	–	–
DM	2.4440	2.4485	3.83	3.7875
Yen	236.15	236.80	370	366.25
FFr	7.3275	7.34	11.47	11.3450
SwFr	2.0550	2.06	3.22	3.1850
Guilder	2.7540	2.7570	4.3150	4.2625
Lira	1453.50	1458.5	2275.5	2254
BFr	48.68	48.82	76.20	75.45
C$	1.22625	1.22825	1.9200	1.8985

INTEREST RATES

	April 25	Prev
Euro-currencies (three month offered rate)		
£	10⁷⁄₁₆	10⅞
SwFr	4¹⁵⁄₁₆	4⅝
DM	4⅞	5⅟₁₆
FFr	12½	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9⅝
6-month U.S.$	9¾	9⅞
U.S. Fed Funds	8⅝	8⅝
U.S. 3-month CDs	8.65	8.85
U.S. 3-month T-bills	8.15	8.15

U.S. Treasury Bonds

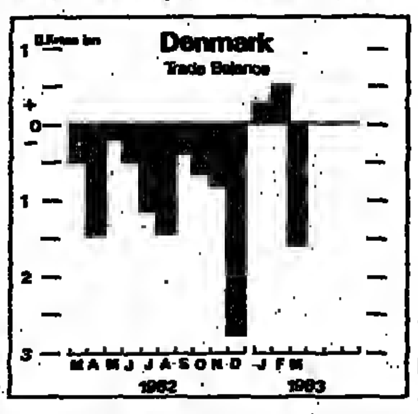
	April 25 Price	April 25 Yield	Prev Price	Prev Yield
9¼ 1985	99²⁹⁄₃₂*	9.61	100⅟₃₂	9.46
10½ 1990	100²³⁄₃₂*	10.33	101¹⁵⁄₃₂	10.23
10¾ 1993	102²⁷⁄₃₂*	10.43	103⁹⁄₃₂	10.34
10⅜ 2012	98⁷⁄₃₂*	10.53	99¹⁵⁄₃₂	10.44

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	77–20	77–31	77–17	77–16
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.82	91.92	91.80	91.78
Cert Deposit (IMM) $1m points of 100%				
June	91.23	91.31	91.21	91.13
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.97	90.98	90.94	90.83
20-year Notional Gilt £50,000 32nds of 100%				
June	105–08	105–10	104–30	104–19

LONDON COMMODITY MARKETS

	April 25	Prev
Silver (spot fixing)	785.90p	761.85p
Copper (cash)	£1107.50	£1060.00
Coffee (May)	£1841.00	£1811.00
Oil (spot Arabian light)	$28.80	$28.72



WALL STREET

Cautious note heralds Fed plans

A CAUTIOUS mood prevailed on Wall Street ahead of tomorrow's expected announcement of $14.5bn in Treasury financing for next month which will be accompanied hy details of future Federal funding plans, *writes Terry Byland in New York.*

Bond markets proved unable to extend the falls in yields recorded on Friday after the announcement of a sharp fall in M-1 money supply.

Equities opened confidently and quickly pierced the Dow Jones 1200 mark before tha malaise of the credit markets turned share prices downwards. Further discouragement came from the annual meeting of IBM, where a warning on the world's economies outweighed the news of an increased dividend.

Shares in IBM fell $2½ to $114⅞ and other leading stocks also gave ground. Poor figures from Digital Equipment left the shares $1¼ off at $118½.

By the close, the Dow Jones industrial average was 9.09 points off at 1,187.21. Share trading was below recent levels.

Mid-April sales figures from the motor groups brought continued support for the sector, with General Motors $¼ better at $65¾, and Ford strong at $48⅝, a net $⅛ higher.

Early buyers of American Motors were disappointed by the trading statement and the shares ended $⅛ up at $8¼ after touching $8⅝.

Good results took Boeing up by $½ to 41⅛.

The oil company reporting season opened with Standard Oil of Indiana, whose drop of 15 per cent in first quarter earnings compared favourably with some recent estimates for the sector, and brought a rise of $¾ in the shares to $44.

Ashland Oil, the major refiner, held steady at $31 after disclosing a loss for the first quarter.

Consumer stocks had discounted good profit news from Sears Roebuck, and Coca-Cola, whose shares remained unchanged at $39½ and $57 respectively. SmithKline, the pharmaceuticals group, jumped $1 to $68¾

Shares in GAF added $⅝ to $19¼ in response to the management's moves to liquidate the company.

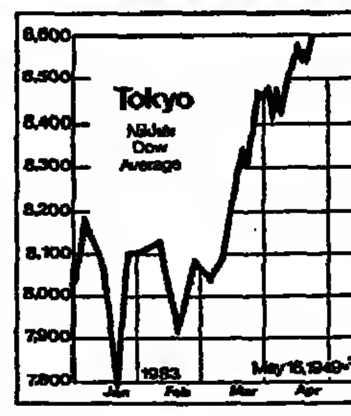
Major moves elsewhere in the share markets included McDonnell Douglas, the aircraft manufacturer, which gained $¼ to $57⅞ at one stage on the board's disclosure that sales and earnings are 20 per cent up in the first quarter.

In the credit market, Treasury Bill rates gained around four basis points, with the three month bills at a discount of 8.12 and the six month at 8.19.

The benchmark long bond was little changed at 99⅝. AT & T bonds made little response to reaffirmation from Standard and Poor's of its recent downgrading of the group's debt securities.

Corporate and municipal bonds were quiet, with the latter expecting a heavy list of new fundings.

In Toronto, stocks were higher, paced by gains in the resource and real estate sectors. The housing industry bas been given a boost by the new Canadian budget and by the continuing trend towards lower interest rates. Montreal also spent a firm session, with papers the only sector to show a marginal retreat.



FAR EAST

Tokyo falls back from new peak

SHARE prices eased after a strong start in Tokyo, hut in Hong Kong and Singapore advances were sustained throughout the session.

In Tokyo, the Nikkei Dow industrial average peaked during the morning at a new record of 6,620.64, but later retreated as profit-taking set in, on the view that prices were rising too high, too fast. It closed at 8,596.09, for a loss of 1.29 on the day.

Some speculative issues were in demand following market rumours that a lower house election may be called to coincide with the upper house poll, due in June. So-called political stocks – shares bought to push up the price and sold to make quick profits for election campaign funds – gained ground.

Issues related to public spending programmes and other domestic industry issues were also higher on bopes of a steady economic recovery and a decision to concentrate most fiscal 1983 public spending in the first six months, started April 1.

Fujita Corp rose Y12 to Y237, Nippon Road Y18 to Y368, Sumitomo Chemical Y4 to Y183, Nippon Steel Y2 to Y176 and Mitsui Engineering Y15 to Y210.

Blue chips declined along with electrical, precision instrument and motor issues. Sharp lost Y40 to Y1,250, Sony Y10 to Y3,470, Canon Y20 to Y1,310, Takeda Y8 to Y800, Hitatchi Y3 to Y772 and Mitsubishi Heavy Industries Y4 to Y236.

Government bonds strengthened with the 7.7 per cent issue firming to yield 7.72 per cent, though this was down from 7.76 per cent at the end of trading last Friday.

In Hong Kong, institutional demand, both domestic and from abroad, took prices higher in moderately active trading. Sentiment was helped by a flurry of market rumours and by the prospect of lower U.S. interest rates; following the latest decline in U.S. money supply figures. The Hang Seng index jumped at the opening and continued to advance throughout most of the session to end 34.54 ahead at 1,041.07.

Speculative demand took Hongkong Wharf 25 cents ahead at HK$4.30. Cheung Kong firmed 30 cents to HK$9.90, Hongkong Land 28 cents to HK$4.45, Hongkong Bank 15 cents to HK$8.30, Hutchinson Whampoa 60 cents to HK$14.30.

Strong speculative demand took shares higher in Singapore and the Straits Times industrial ordinary idex ended 9.78 ahead at 927.69. All sectors of the market advanced with some banking issues posting sharp gains.

LONDON

Sterling gain restores stability

A MORE stahle trading session yesterday after last week's erratic performances saw leading shares heading quietly but impressively higher and Government securities following the same course in London stock markets. Another upward thrust by sterling – reportedly helped by Soviet and Egyptian oil price rises – and the Chancellor's assertion that UK inflation would remain lower than predicted until the year end were underpinning market influences.

Other useful pointers included New York's continued upsurge and the strong possibility of the Dow Jones index passing 1,200 for the first time, which it did in early Wall Street trading yesterday. Recent hopes of the U.S. following cheaper UK money trends were boosted when Southwest Bank of St Louis became the second small U.S. bank this month to cut its prime lending rate by ½ per cent to 10 per cent.

Equity investment was highly specialised and often directed towards stocks with trading statements pending or those mentioned in weekend financial columns.

Oils were favoured more than most, with gains sometimes reaching double figures. Lasmo featured with a gain of 20p to 325p following a press suggestion that the company bas made a major oil discovery off the shore of Sicily. Britoil improved 4p to 208p

The FT Industrial ordinary share index went progressively higher to end 5.3 up at the day's best of 693.3 and only 2.2 short of the all-time closing record.

The pound's resumed firmness gave potential gilt-edged investors a nudge and the market, although still hasically thin, had its best day for two weeks.

Among electricals, good demand developed for GEC and, after an active day's trading, the shares closed at the day's best with a gain of 10p at 248p.

South African golds were boosted by the firmness of bullion – finally $2.5 to the good at $440 an ounce, after $444 – and a stock shortage.

Share information service, Pages 42-43.

EUROPE

Frankfurt continues its advance

LIVELY buying by domestic institutions and private investors took shares to new peaks in West Germany, but elsewhere in Europe, a mixed picture emerged.

In Frankfurt, the FAZ index advanced 3.34 to 319.59, to set a third consecutive daily record while the Commerzbank index moved further ahead from last Friday's 22-year high, ending 9.1 firmer at 957.1.

Banks and stores were the sectors in most demand although they, like most shares, fell back from their best levels after light profit-taking.

Among the banks, Dresdner gained DM 8.50 to DM 196 while Commerzbank added DM 7.70 to DM 178.50 Deutsche rose DM 5.7 to DM 351.50 and BHK added DM 3.50 to DM 300 but Bayernverein slipped DM 1 to DM 377 after touching DM 380.

In stores, Karstadt added DM 5 to DM 281 after reaching DM 284 and Horten added DM 4.50 to DM 162.50.

VW led a firmer motors sector with a DM 3.80 gain to DM 188.50. Daimler added DM 1 to DM 540 though BMW remained unchanged at 339.50. Among metals, Degussa, which bas registered some strong gains in recent days, fell back DM 16 to DM 324 but Metallgesellschaft advanced DM 8 to DM 250.

The specialist chemicals sector saw some sharp gains with Kali-Chemie DM 52.50 ahead at DM 387.50, though its shares are thinly traded. Conti Gas surged DM 23 to DM 376 and Rütgers added DM 29 to DM 406. Other chemicals, engineerings and steels also advanced.

Prices of domestic bonds fluctuated narrowly in a dull market.

In Amsterdam, prices began the week mixed to higher but with gains limited as higher Dutch interest rates offset the effect of Friday's Wall Street close.

In Dutch internationals, Philips rose Fl 1.70 to Fl 47.30 while Royal Dutch Shell was 80 cents ahead at Fl 115.40 and KLM advanced 70 cents to Fl 148. Among banks, ABN rose Fl 9 to Fl 375 and NMB was up Fl 3.50 at Fl 152.

In Brussels, the Belgian all shares index broke through the 300 level for the first time on hopes of a steady economic recovery. The index closed at 300.57 compared with Friday's 297.83 but prices ended mixed on profit-taking.

The latest, slightly improved French trade figures failed to reassure investors and shares tended easier in Paris in very quiet trading. Portfolios, foods and stores fell while constructions, engineerings, electricals, metals and oils were slightly easier. Banks and chemicals were steady.

Shares in Zurich were unaffected by the second increase this month in Swiss banks' customer time deposit rates, and prices were broadly steady to firmer. However, Brown Boveri, off SwFr 10 at SwFr 1,160 and Saurer, down SwFr 5 at SwFr 195, were among the few majors to suffer declines.

In Stockholm, prices were easier in quiet trading. Market interest was sharply down ahead of a temporary, six day suspension of Swedish stock quotations from April 29, due to technical prohlems at the computerised securities registration centre.

In Vienna, the failure of the Socialists to gain an absolute majority in Sunday's election, and Chancellor Bruno Kreisky's subsequent resignation, hrought a muted hope that another coalition Government may loosen some of the constraints on the market. In particular, brokers are hoping for a lifting of the heavy tax on stock dividends.

Milan was closed for a public holiday.

SOUTH AFRICA

Golds end firm

GOLD shares ended firm in line with the stronger bullion price in fairly active trading in Johannesburg. Among heavyweights, Harties closed R4 ahead at R97 after touching R98, and among cheaper priced producers, Grootvlei added R1.25 at R20 after reaching R20.25.

Mining financials and diamonds mirrored golds, with Anglos 5 cents ahead at R25.30, after a one time R25.85, and De Beers also five cents higher at R9.55, after R9.65.

● The Sydney and Melbourne markets were closed for a public holiday.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12⅞	5⅜	AAR	.44	3.6	19	199	12¼	11⅞	12¼	+⅛
38	27½	ACF	2.76	8.0	9	1089	35¼	34	34⅝	−⅛
26	12¼	AMF	1.36	7.8	33	1690	17⅞	17¼	17⅜	−½
29¼	19¼	AMR Cp				3462	28⅞	27¼	27⅜	−⅝
15⅞	4	AMR	wt			813	14⅛	13⅞	13⅞	−1
18⅝	12⅞	AMR	pf2.18	12.		89	18	17⅞	18	+⅛
34⅛	24⅞	AMR	pf2.13	6.8		733	32¼	31⅞	31⅞	−⅞
6⅞	2½	APL				148	6⅞	6⅞	6⅞	+⅛
47¼	35¼	ARA	2.05	4.4	14	52	47⅝	46⅞	46⅞	−⅝
78⅞	24½	ASA	3a	4.3		554	71⅞	69¼	69⅞	−1
28⅞	13⅞	AVX	.32	1.2	44	102	27⅞	27⅛	27⅛	−⅛
48⅞	27⅞	AbtLab	1	2.2	10	1322	u46¼	46⅞	46½	+⅞
28¼	25½	AccoW	n.12e	.4	21	227	28⅛	28	28½	+⅛
22½	15⅞	AcmeC	.40	2.0	23	171	20⅛	20¼	20⅛	−⅛
12⅞	5⅞	AcmeE	.32b	2.7	31	184	11⅞	11¼	11⅞	+⅛
19⅞	4⅞	AdmDg	.04	.2	16	248	19⅝	17¼	17⅞	−2⅛
17⅞	12⅞	AdaEx	1.73e	11.		69	16⅛	16⅛	15⅞	+⅛
12⅞	4⅞	AdmMl	.20e	1.7	11	56	11⅜	11½	11⅞	−⅛
25¼	12⅞	Advest	s.16	.6	13	281	u25⅛	24½	25	+⅛
38⅞	18	AMD	s		48	1861	37⅛	35⅞	35½	−1⅞
44⅞	32⅞	AetnLf	2.64	6.6	8	1150	41⅞	39¼	39⅜	−1⅝
65	52⅞	AetL	pf3.70e	6.3		6	58¼	58⅛	58¼	+⅞
38⅞	8	Abmax	.60	1.6		1742	u38⅛	38	38	−½

Continued on Page 39

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 40

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	19¾	VaEP	pf2.90	12.		20	24½	24¼	24¼	
82½	67	VaEP	pf7.45	12.		z50	u62½	62½	62½	+1½
21¼	13¾	Vornad			34	166	20½	20	20½	+ ½
17⅝	7½	Vulcinc				30	10½	9⅞	9⅞	− ½
64	38¾	VulcnM	2.44	4.6	10	245	61¼	60¾	61	+ ⅛

Continued on Page 40

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

JAPAN (continued)

FRANCE

NORWAY

SPAIN

HONG KONG

SINGAPORE

GERMANY

SWEDEN

SWITZERLAND

ITALY

SOUTH AFRICA

AUSTRIA

BELGIUM/LUXEMBOURG

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Fleet Holdings	79	+ 4
GEC	248	+10
Gold Fields SA	£92	+ 3½
Grand Met	342	+ 8
Hammerson A	725	+35
Hampton Areas	194	+12
ICI	468	+ 8
Johannesburg Cons.	£30½	+ 2
London & Liverpool	342	−12
Metal Box	210	+15
Minster Assets	110	+19
Tarmac	438	—

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of change	Fri. close	Day's change
Arlen Elec	29	377	+22
Glaxo	26	883	−57
Sie-Isolatas	25	200	−20
Exco	24	675	− 5
ICI	24	460	− 8

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (150)

COMMONWEALTH AND AFRICAN LOANS (1)
AMERICANS (4)
CANADIANS (1)
BANKS (2)
BREWERS (1)
BUILDINGS (6)
CHEMICALS (2)
DRAPERY AND STORES (1)
ELECTRICALS (11)
ENGINEERING (10)
FOODS (1)
HOTELS (1)
INDUSTRIALS (25)
INSURANCE (2)
LEISURE (4)
MOTORS (2)
NEWSPAPERS (6)
PAPER (3)
PROPERTY (6)
SHIPPING (2)
TEXTILES (4)
TRUSTS (23)
OIL AND GAS (11)
PLANTATIONS (4)
MINES (12)

NEW LOWS (23)

BUILDINGS (1)
Watts Blake
CHEMICALS (1)
Morley (R. H.)
STORES (3)
Grattan Wearwell
Stanley (A. G.)
ELECTRICALS (2)
Black (Michael) Druck
ENGINEERING (4)
Camseal Inc. Victor Products
Greenbank Walker (C. & W.)
INDUSTRIALS (3)
Equipu Sinclair (Wm.)
Sheldon Jones
LEISURE (1)
Owners Abroad
TEXTILES (2)
Atkins Bros. Sirdar
TRUSTS (2)
Altifund Cap. Triplevest Inc.
OIL AND GAS (2)
Silkolene Sunmark
PLANTATIONS (1)
Moran
MINES (1)
Colby Res.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr 18	Apr 29	July 14	July 25
May 3	May 13	July 28	Aug 8
May 16	May 27	Aug 11	Aug 22

For rate indications see end of Share Information Service

Call options were arranged in Trident TV A, Dunlop, Premier Oil, Woodside, Turner and Newall, Grovebell, LRC, Bifurcated Engineering, Polly Peck, Spring Ram, Transparent Paper, Microlease and Security Centres. A put was arranged in Polly Peck, while doubles were taken out in KCA, French Kier, Lasmo and Polly Peck.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon April 25 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri April 22 Index No.	Thur April 21 Index No.	Wed April 20 Index No.	Tue April 19 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	[illegible]	+1.0	8.13	3.95	15.53	478.79	477.35	469.77	474.14	371.48
2	Building Materials (23)	[illegible]	−0.5	9.55	4.40	12.73	442.25	446.40	442.75	448.34	324.25
3	Contracting, Construction (30)	[illegible]	−0.3	11.60	4.37	10.41	779.83	791.92	790.95	804.26	596.21
4	Electricals (33)	[illegible]	+2.2	6.43	1.87	20.10	1829.51	1800.25	1763.32	1777.84	1306.34
5	Engineering Contractors (10)	[illegible]	+0.3	14.54	6.07	8.44	493.36	495.83	485.72	482.37	496.78
6	Mechanical Engineering (64)	[illegible]	+0.6	10.70	5.23	11.53	220.47	220.05	216.82	216.78	194.66
8	Metals and Metal Forming (11)	[illegible]	+0.5	10.59	6.32	11.49	180.49	182.73	178.61	181.58	166.15
9	Motors (18)	[illegible]	+0.6	—	5.29	—	101.54	103.34	101.67	102.15	94.01
10	Other Industrial Materials (17)	[illegible]	+0.4	7.16	4.91	18.36	454.33	456.84	451.79	457.56	376.30
21	CONSUMER GROUP (201)	[illegible]	+0.5	9.86	4.19	12.30	430.73	436.34	432.91	436.79	301.39
22	Brewers and Distillers (23)	[illegible]	+0.6	11.05	4.66	11.05	457.19	458.80	453.24	456.78	286.60
25	Food Manufacturing (21)	[illegible]	+0.6	13.55	5.57	8.61	348.87	348.53	348.81	345.35	273.45
26	Food Retailing (14)	[illegible]	—	7.49	2.85	16.79	854.34	859.51	859.07	862.65	640.38
27	Health and Household Products (8)	847.97	+0.3	5.04	2.22	23.55	845.20	876.22	864.96	877.88	428.08
29	Leisure (24)	[illegible]	[illegible]	7.19	4.37	18.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RISES AND FALLS

	Rises	Falls	Same
British Funds	82	7	9
Corpns. Dom. and Foreign Bonds	22	3	53
Industrials	364	230	752
Financial and Props.	137	88	314
Oils	39	14	58
Plantations	7	3	12
Mines	75	16	62
Others	45	76	62
Totals	763	417	1,322

FINANCIAL TIMES STOCK INDICES

	April 25	April 22	April 21	April 20	April 19	April 18	year ago
Government Secs.	81.60	81.24	81.50	81.64	81.58	82.12	67.52
Fixed Interest	83.72	83.27	84.04	84.03	84.18	84.36	67.88
Industrial Ord.	693.3	688.0	692.0	678.2	685.2	695.0	568.0
Gold Mines	655.1	643.9	642.2	626.1	648.8	657.9	267.1
Ord. Div. Yield	4.51	4.54	4.52	4.60	4.55	4.52	5.52
Earnings, Yld.% (full)	9.20	9.26	9.20	9.36	9.22	9.18	11.08
P/E Ratio (net) (*)	13.17	13.08	13.18	12.96	13.12	12.22	11.49
Total bargains	23,300	25,702	23,858	23,600	24,653	25,612	16,181
Equity turnover £m.	—	272.80	302.11	520.47	367.91	253.81	103.2
Equity bargains	—	25,175	22,575	21,252	26,629	25,065	11,860
Shares traded (ml)	—	175.9	188.7	205.4	211.5	140.7	68.1

10 am 690.0. 11 am 690.2. Noon 691.0. 1 pm 691.3.
2 pm 691.5. 3 pm 692.3.
Basis 100 Govt. Secs. 12/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/10/55. SE Activity 1974.
Latest Index 01-246 8026.
Nil = 12.32.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.72 (11/4)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.36 (18/4)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	695.6 (18/4)	598.4 (12/1)	695.5 (18/4/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (25/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	April 22	April 21
—Daily Gilt Edged Bargains	143.6	145.7
Equities Bargains	163.1	148.2
Equities Value	661.4	210.2
5-day Avrge Gilt Edged Bargains	160.6	175.3
Equities Bargains	155.5	156.1
Equities Value	213.5	603.7

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 39

NEW YORK CLOSING PRICES

Continued from Page 39

Indices

NEW YORK DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

U.S. INDICES: CLOSING VALUES, YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

COMMODITIES AND AGRICULTURE

Dollar contract for soyameal

THE Soybean Meal Futures Association (SOMFA) plans to introduce a dollar-based London soyameal contract parallel to its existing sterling contract, it said yesterday.

Trading in the new contract is hoped to start in two or three months and the initial delivery month will not be earlier than February 1984, SOMFA said.

The market's management committee made its decision in response to requests from market users who said they found difficulty in incorporating *existing sterling contracts* into their international dealings.

● INDIAN GOVERNMENT is proposing the setting up of a jute council and a tax on jute goods manufacturers. The council will study ways of increasing jute production and the tax will be used to fund the research.

● OILSEED PRODUCTION in India will be around 9.7m tonnes at the end of the season in October said the Bombay-based Central Organisation for Oil Industry and Trade. Last year's production was 11.9m tonnes.

● FOOT AND MOUTH disease has forced the closing of cattle markets in northern Spain, said the agriculture ministry.

● MALAYSIAN CRUDE palm oil output increased to an estimated 245,000 tonnes in March from a revised 196,000 tonnes in February, said the Palm Oil Registration and Licensing Authority.

● MALAYSIA IS to spend $4.3m (£2.8m) fighting tungro disease which is destroying rice plants in the country's main production region.

● GREEN COFFEE roastings in the U.S. in the week ended April 16 were about 285,000 bags. The figure for the corresponding week last year was 300,000 bags.

● JAPAN WILL agree to limited expansion of import quotas for oranges and beef in U.S.-Japan trade talks in Washington next week according to reports coming from the Japanese Agriculture Ministry.

Farm talks postponed

BY OUR COMMODITIES STAFF

THE NEXT round of talks aimed at avoiding an agricultural trade war between the U.S. and the EEC have been postponed. The talks, due to start in Washington on Friday, have been put back at the request of the Community because of the delay in settling this year's price rises for EEC farmers.

Discussions on the Community annual farm price review are due to resume in Luxembourg tomorrow and could continue at least until Friday. Brussels hopes the talks with the U.S. will be held in early May, when the likely impact of the EEC farm price increases can be assessed.

The two sides are believed to be anxious to avoid a confrontation before the Williamsburg summit meeting. But on Friday the U.S. rejected a study carried out by the General Agreement on Tariffs and Trade (Gatt which failed to back up allegations that the EEC had an unfair advantage in wheat flour trading.

Meanwhile, the U.S. confirmed that it is seeking to negotiate a new long-term grains agreement with the Soviet Union to replace the existing pact expiring in September. Talks between the two countries have tentatively been scheduled for June, although the Soviets have not yet formally responded to President Reagan's lifting of the suspension of the grain pact talks imposed in December 1981 to protest about martial law being proclaimed in Poland.

Reuter reported from Washington that the U.S. Agriculture Department has agreed to buy from farmers 735m bushels of maize, 145m bushels of sorghum and 210m bushels of wheat to meet expected payment-in-kind programme needs. Although there are big surplus grain stocks in the U.S. most of them are held under the loan reserve programmes are, therefore, still technically owned by the farmers not the government.

The department said free stocks of U.S. maize are expected to be inadequate to meet expected use during the last half of the current marketing season, this would push prices above the $3.15 per bushel trigger price which releases maize from the farmer-owned reserve.

In its supply and demand report, the department's world agricultural outlook board said about 300m bushels of maize are forecast to be released from the reserve when the trigger price is reached. But it noted the quantity released will depend on producers price expectations and the amount of maize available to the market from the payment-in-kind bid programme.

Cotton prices likely to rise

BY OUR COMMODITIES EDITOR

COTTON PRICES are expected to strengthen this year, after crop setbacks in the Soviet Union, Argentina and Australia, plus a sharp cut in U.S. production as a result of the payment-in-kind programme, according to the International Institute for Cotton.

Dr H. E. Koedam, the Institute's Director of Economics and Market Research, said that world cotton stocks on August 1 this year would increase by only about 3 per cent, a much lower rise than initially feared.

He claimed cotton had survived the recession in the textile industry very well retaining a 50 per cent stake of the fibres market in spite of having little price advantage over its main competitor, polyester staple. The revival in textile activity should boost cotton demand, but the current high level of stocks should prevent there being excessive price increases, Dr Koedam added.

Raw materials price prospects

BY OUR COMMODITIES STAFF

SHARP post-recession price rises are forecast for manganese and tungsten in a report* published today by the Economist Intelligence Unit.

It says the main influence on industrial raw material prices over the next two years will be the timing and pace of economic recovery. But almost as important will be the extent of further cutbacks in productive capacity in developed countries over the next few months.

For individual materials price potential will be additionally influenced by commercial stock levels, special stabilisation schemes, changes in U.S. strategic stocks and the oil price trend, the report says.

Price prospects are considered on the basis of: (A) 3 per cent real OECD industrial growth in 1984, followed by 4.5 per cent in 1985, and (B) 2 per cent growth in 1984, followed by 3.5 per cent in 1985.

On any likely scenario, the report says, quite sharp increases in real prices (from a 1982 base) are likely in manganese, tungsten, and possibly tin and hides.

It predicts more modest increases for steel scrap, bauxite, natural rubber, tropical logs, plywood and coniferous sawnwood.

Possible price falls are envisaged for iron ore, wood and man-made fibres while most other raw materials prices are expected to show little change between 1982 and 1985.

Overall a fairly slow move out of recession is predicted to lift average real raw material prices from their 1982 low to a little above the 1981 level. A more rapid pick up could push real prices above the 1979 level.

Raw Material Prices After the Recession, price £80.

Uncertain outlook for copper

By Our Commodities Staff

PARIS—THE OUTLOOK for copper consumption during the second quarter of 1983 remains uncertain and production increases could cause the already high level of stocks to rise further, the Intergovernmental Council of Copper Exporting Countries (CIPEC) said in its latest quarterly review, out yesterday, reports Reuter.

The report said mines closed due to depressed prices could *re-open following the rally* in copper values early this year. Higher nickel prices might also bring increased output of copper as a by-product. It noted that losses from a U.S. copper workers' strike this summer now looked unlikely.

However, the report added that the recent fall in oil prices, lower interest rates and moves at the forthcoming Williamsburg conference to revive the world economy could boost demand for copper.

Our Commodities Staff writes: The rise in the value of sterling was a generally depressing influence on the London Metal Exchange.

Copper prices, after opening on a firm note encouraged by the rise in Wall Street and gold, retreated to end the day virtually unchanged.

Another depressing influence was a further rise in copper stocks held in LME warehouses. Total holdings rose by 1,000 tonnes to a total of 314,075 tonnes. Stocks have now increased for 29 weeks in succession, but traders say that the Chinese remain interested buyers at the lower price levels and this is giving the market a firm undertone. The fall in tin values on the Metal Exchange was attributed solely to the rise in sterling, although the Straits tin price in Penang eased by 7 cents to $M31.53 a kilo. Tin stocks in LME warehouses rose by 1,395 to 40,225 tonnes, lead by 600 to a record 164,650 tonnes; nickel by 684 to 15,000 tonnes; and LME silver holdings by 370,000 to 34,540,000 ounces.

CARIBBEAN SUGAR

Harvest forecasts offer little hope for revival

BY CANUTE JAMES IN KINGSTON

RETURNS FROM the sugar cane harvest in the Commonwealth Caribbean offer little hope for the revival of this economically vital sector which has gone steadily more sour over the past few years.

Production last year by the group of countries, stretching from Belize in central America to Guyana in south America, was 804,000 tonnes. Exports, which a decade and a half ago hovered comfortably around the 1.5m tonne mark, last year totalled about 650,000 tonnes.

The industry continues to be plagued by uncertain weather, either drought or too much rain, and by a spate of fires which have destroyed hundreds of acres of cane plants. The weak state of the market and simmering labour unrest have further depressed industry spirits.

Behind all this, there is growing concern about the market in the European Community (all shipped to Britain) which guarantees the region a foothold under the Sugar Protocol of the Lome Convention. Regional and other producers in the African, Caribbean and Pacific (ACP) group are worried about developments in the EEC.

Mr Hugh Shearer, Jamaica's Foreign Trade Minister said: "There is a strong feeling within the ACP that there is a threat to its sugar. Despite the existing surplus of sugar on the world market, the EEC continues to encourage the expansion of beet sugar production. There is talk of the cost which the EEC has to bear for implementing the Sugar Protocol and further talk of encouraging the ACP, through aid, to diversify out of sugar."

Mr Shearer's fear of diversifying out of an admittedly inefficient industry is based on the dislocation which would be involved in resettling several hundred thousand workers involved in planting, harvesting and milling in a region where unemployment averages 20 per cent and is notably higher in some countries, such as Jamaica.

PROSPECTS for cane sugar in the 1980s are to be discussed at a four-day seminar starting in London today at the Commonwealth Institute. The seminar will review the position of both cane and beet sugar in the European Community and the involvement of trade unions.

There is little option for a profitable switch to other markets such as the U.S. The Commonwealth Caribbean's collective quota for the U.S. is 150,000 tonnes per year, 5.1 per cent of the U.S. quota. The major problem in the region, however, is uneconomical production, to the extent that some markets cannot be fully utilised. Guyana last year declared a 10,400 shortfall on its ISA quota of 125,400 tonnes, but still did better than Jamaica and Trinidad and Tobago which declared total shortfalls on quotas of 83,700 tonnes and 70,000 tonnes, respectively.

There are signs that the current harvest will be only marginally better than last year's, which was the worst in the past 30 years.

In Guyana, the Commonwealth Caribbean's largest producer, and with ten mills with a rated capacity of 450,000 tonnes per year, there are hopes that output this year will reach 300,000 tonnes. Mr Harold Davis, chairman of the Guyana Sugar Corporation, believes that by 1985, his country could be producing 355,000 tonnes per year. Production of 292,000 tonnes last year reflected the adverse effects of poor weather, and present indications are that this year's target may be achieved, but only just.

The industry in Trinidad and Tobago has been so uneconomic that the government is taking about 13 per cent of cane land out of production, to be used for other forms of agriculture. The industry loses about $800 (£516) on each tonne which is milled. F. O. Licht, the sugar statisticians, have estimated Trinidadian output this year at 60,000 tonnes, following 78,000 tonnes last year and 93,000 tonnes in 1981.

The government in Barbados has injected $10m into the ailing industry, with the hope of raising production in the next few years to the 120,000 tonne level of a few years ago. A spate of fire and a drought have made questionable a possible 90,000 tonne harvest this year: but even this will be 5,000 tonnes better than last year.

The Jamaican industry, with an annual capacity of 420,000 tonnes, last year slumped to 197,000 tonnes. The Government is hoping that the slide has been halted, and that this harvest will yield 220,000 tonnes. But the island is in the grip of the worst drought in 55 years, fields in some low lying areas are subject to ever increasing salinity, and the benefits from a programme of re-equipping old mills are yet to be seen. Three years ago the Government set a target of 330,000 tonnes by 1984: this has now been rescheduled to 1986, but there appears little prospect in the short term for easing the industry's accumulated debts which now stand at just under $150m.

There are plans to lease the six state owned mills to private operators, but takers are likely to be few until the factories are economically viable.

The one point of growth in production in the region is Belize, which expects this year to produce 115,000 tonnes, following 111,000 last year and 104,000 in 1981. But the country has been injured like others in the region by the state of the market. Earnings from exports fell from $41m in 1981 to $35m last year.

PRICE CHANGES

	Apr. 25 1983	+ or —	Month ago
Nickel	£4833		£4611
Free mkt	210/240c		220/252c
Palladium	$127.50	+0.50	$98.75
Platinum	$271.90	+1.50	$256.25
Quicksilver†	$300/320		$330/340
Silver troy oz	785.90p	+9.50	708.00p
3 mths	806.10p	+9.95	726.00p
Tin cash	£8799	—91	£9215.5
3 month	£8753	—81.5	£9259
Tungsten	$83.22		$85.75
Wolfram 22.04 lb	$89/91		$89/91
Zinc Cash	£456.75	—1.75	£477.375
3 mths	£471.25	—2	£493.375
Producers	$750		$750

	Apr. 25 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$505y	—15	$507.5
Maize	£146.00z		1
Wheat Fut. Jul	£136.80	—0.70	£139.10
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1350.0	+31.5	£1287
Fut. July	£1305.5	+27.5	£1251.5
Coffee Ft. July	£1665.0	+57.5	£1905.3
Cotton A. Index	80.60c		79.50c
Gas Oil May	$246.75	+0.25	$251.25
Rubber (kilo)	74p	—0.5	77p
Sugar (Raw)	£117wx	+5	£112
Wool't'ps 64s	394p kilo		405p kilo

‡ Unquoted. z May. x June. y May-June. v April-June. w April-May. † Per 76-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.75-28.85	—0.05
Iranian Light	28.00-28.10	—0.15
Arabian Heavy	26.25-26.40	+0.02
North Sea (Forties)	29.70	+0.10
North Sea (Brent)	29.95	+0.12
African (Bonny Li'ht)	30.00-30.20	+0.52
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	308-311	—1.5
Gas oil	248-255	—4.5
Heavy fuel oil	164-166	—

GAS OIL FUTURES

Prices began the day $12.00 higher, reflecting strength in New York but softness in physicals prevented the market moving higher. Buying against the arbitrage sparked a short-lived rally in the afternoon.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
April	251.50	+0.50	—
May	248.75	+0.25	250.25-48.50
June	247.00	+0.75	248.00-46.50
July	247.00	+1.75	248.00-46.50
Aug	248.50	+1.50	249.25-47.00
Sept	251.00	+1.25	251.50-50.00
Oct	253.25	+1.50	254.00-52.50
Nov	256.00	+1.75	—
Dec	257.50	+1.75	257.50-57.50

Turnover: 2,261 (1,566) lots of 100 tonnes.

GOLD MARKETS

Gold rose $2½ an ounce from *Friday's close in the London bullion* market yesterday to finish at $439¾-$440¼. The metal opened at $443¼-$444¼ and traded between a high of $443¾-$444¼ and a low of $439¾-$440¼. The firmer start was partly a reflection of the dollar's weaker trend but there was little follow through during the day.

In Paris the 12½-kilo bar was fixed at FFr 104,000 per kilo ($442.05 per ounce) in the afternoon compared with FFr 104,000 ($442.73) in the morning and FFr 102,750 ($434.93) on Friday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 34,735 per kilo ($443 per ounce) against DM 34,445 ($438.01) and closed at $441-$442 from $436¾-$437¾.

In Luxembourg the dollar per ounce equivalent of the 12½-kilo bar at the fixing was $443.50 from $436.50.

In Zurich gold finished at $441-$444 compared with $438-$439 on Friday.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
May	440.60-41.2	+2.40	—
June	443.10-43.5	+1.75	447.40-43.00
July	446.90-48.2	+2.70	—
August	450.50-51.0	+2.50	452.00-51.50
Sept	453.50-54.8	+0.80	—
Oct	457.00-58.0	+5.55	—
Nov	460.00-61.5	—	—

Turnover: 837 (982) lots of 100 troy ounces.

Gold Coins Apr. 25

Krugrnd	$452-453	(£288¾-289½)	King Sov	$105½-107	(£67½-68½)
½ Krg	$240½-241½	(£153¾-154¼)	Victoria Sov	$105½-107	(£67½-68½)
¼ Krg	$123-124	(£78½-79¼)	French 20s	$90¼-92¼	(£57¾-59)
1/10 Krug	$50¼-51¼	(£32-32¾)	50 pesos Mex	$545½-547½	(£348½-349¾)
Mapleleaf	$450½-451½	(£287¾-288½)	100 Cor. Aust	$430-434	(£274¾-277¼)
New Sov	$103½-104½	(£66¼-66¾)	$20 Eagles	$580-590	(£370½-376½)
½ New Sov	$62-62¾	(£39¾-40)			

EUROPEAN MARKETS

ROTTERDAM, April 25

Wheat—(US $ per tonne): Two Red Winter, May 160, June 158, July 156, Aug 157.50. U.S. Two Northern Spring 14 per cent May 189, June 184, July 182, Aug 179, Sept 178. U.S. Amber Durum, May 193, June 193, July 190, Aug 190, Sept 190, Oct 191.

Sugar—(FFr per tonne): July 1,720-1,740, Aug 1,745-1,750, Oct 1,811-1,825, Nov 1,820-1,830, Dec 1,890-1,900, March 2,025-2,050, May 2,080-2,100 July 2,110-2,120. Sales at call 29.

PARIS, April 25

Cocoa—(FFr per 100 kg): May 1,450-1,454, July 1,480 bid, Sept 1,538-1,540, Dec 1,557.50-1,560, March 1,570 bid, May 1,580 bid, July 1,600 bid. Sales at call: 0.

Canadian Western Spring April/May 210. Maize—(U.S. $ per tonne): U.S. Three Yellow, Afloat 150, April 150, May 148, June 148, July/Sept 148.50, Oct/Dec 138.50, Jan/March 144.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES were little changed on the London Metal Exchange, with all markets depressed by the rise in sterling. COPPER touched £1144 in initial trading but failed to follow through as profit-taking pared the price to £1134.75 at the close. LEAD and ZINC were finally £307.5 and £470 respectively while currency fluctuations left forward standard TIN at £8755.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1109-10	+4	1107-8	+.75
3 months	1138-.5	+6	1134.5-5	+1.25
Settlem't	1110	+4	—	—
Cathodes				
Cash	1092.5-3	+8.25	1089-91	+1.5
3 months	1116-7	+6.75	1112-.5	+1.25
Settlem't	1093	+6	—	
U.S. Prod.	—	—	*79-83	

Amalgamated Metal Trading reported that in the morning three months Higher Grade traded at £1138.00, 37.00, 36.00, 37.00, 38.00. Cathodes: Cash £1096.00, 93.00, 92.00, 92.50, three months £1118.00, 17.00, 15.00. Kerb: Higher Grade: Three months £1138.00, 38.50, 38.00, 38.50, 39.00, 40.00, 39.50. Afternoon: Higher Grade: Three months £1136.00, 37.00, 36.50, 35.00, 34.00, 34.50, 35.00. Cathodes: Three months £1112.50. Kerb: Higher Grade: Three months £1134.50, 35.00, 35.50, 35.00, 34.50, 35.00. Turnover: 24,350 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8800-5	—181	8800-10	—85
3 months	8750-1	—182	8751-5	—81.5

Nickel — Morning: Cash £3116, three months £3205, 3200. Kerb: Three months £3200, 05. Afternoon: Three months £3205, 02, 05. Kerb: Three months £3203, 05, 10, 15. Turnover: 1,452 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

LME—Turnover 103 (151) lots of 10,000 ozs. Morning: Cash 787.0, three months 806.0, 07.0, 08.0, 07.0, 08.0. Kerb: Three months 807.0. Afternoon: Three months 809.0, 10.0. Kerb: Three months 806.5, 08.0, 05.0.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	785.90p	+9.50	788.00p	+8.5
3 months	806.10p	+10.5	807.00p	+8.25
6 months	824.70p	+10.5	—	—
12 months	862.70p	+11.5	—	—

Silver was fixed 19.9p an ounce higher for spot delivery in the London bullion market yesterday at 785.9p. U.S. equivalents of the fixing levels were: spot $12.272, up 25.3c; three-month $12.542, up 26.5c; six-month $12.82, up 26.8c; and 12-month $13.42, up 33.4c. The metal opened at 787-789p ($12.42-12.46) and closed at 784-786p ($12.28-12.32).

COCOA

After opening £15.00 higher cocoa prices remained steady throughout the day. Small producer sales were easily absorbed by the market and prices closed with gains of £20.00 plus, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1285-86	+29.0	1288-71
July	1305-06	+27.0	1306-02

TEA AUCTIONS

LONDON TEA AUCTION—There were 34,385 packages on offer in this weeks sale including 4,050 packages in the offshore section. Demand continued good and general. Bright Assams were fully firm but others shed 1-2p with quality. Bright East Africans showed little change but mediums were irregular and often lost 1-3p. *Plain Central Africans* sold readily and were fully firm to 2p dearer. Ceylons were well competed for at firm to dearer rates. Offshore offerings met an improved and more general demand with prices firm. Quotations: quality 148p a kg (146p), medium 133p a kg (135p), low medium 121p a kg (122p).

JUTE

JUTE—C and F Dundee BWC £275, BWD £246, BTB £314, BTC £274, BTD £244; c and f Antwerp BWC £274, BWD £245, BTC £273, BTD £244; c and f Dundee April 40 in 10oz £13.17, 40 in 7.5 oz £9.94; B Twills £39.20.

INDICES

FINANCIAL TIMES

Apr. 22	Apr. 21	M'th ago	Y'ar ago
278.67	259.55	271.95	245.27

(Base: July 1 1952=100)

REUTERS

Apr. 25	Apr. 22	M'th ago	Y'ar ago
1767.4	1758.7	1770.0	1619.9

(Base: September 18 1931=100)

MOODY'S

Apr. 22	Apr. 21	M'th ago	Y'ar ago
1040.1	1042.5	1037.3	1003.7

AMERICAN MARKETS

Precious metals were mixed in a disappointing action which was touched off by a lass than expected rally in financial markets. Gold prices were the weakest on the close with moderate losses, while silver closed with minor gains. Coffee prices rallied impressive on dealer buying prompted short covering and technical buying. Cocoa prices were higher mostly on arbitrage buying with trade participation very light. Sugar continued to gain strength on the orderly liquidation of the May contract and arbitrage support. Cotton weakened under steady liquidation as the market was concerned about further cancellation of export orders. Grains and soyabeans opened slightly lower and closed at about the same levels after a confused choppy action which saw local traders selling while commercial traders and commission houses were on both sides of the market. Heating oil prices opened and traded strong but reacted to the downside late in the day as the reports of higher Soviet oil prices failed to support the market. Reported by Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1880	1884	1849	1840
July	1916	1619	1886	1870
Sept	1927	1928	1900	1883
Dec	1945	1950	1930	1912
March	1971	1974	1950	1935
May	1992	—	—	1956

SUGAR WORLD "11" 112,000lb, cents/lb

	Close	High	Low	Prev
May	7.88	7.98	7.80	7.65
July	8.16	8.20	8.03	7.95
Sept	8.54	8.55	8.40	8.32
Oct	8.78	8.70	8.62	8.55
March	9.71	9.73	9.58	9.52
May	9.98	9.99	9.89	9.78

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
99½	98½	Treasury 9¼pc '83	99½	.....	9.27	10.10
102¼	100½	Exch. 13½pc '83	101½xd	+⅛	13.25	10.05
99½	98½	Exch. 10pc 1983	99¾	.....	10.01	10.13
97¼	96¼	Funding 5½pc '82-84‡‡	97	.....	5.67	9.84
101¼	99½	Exch. 11¼pc 1984	100½	+⅛	11.14	9.96
104⅜	102½	Exchequer 14pc. 1984	103½xd	+⅛	13.48	10.16
94¼	92½	Exch. 3pc 1984	94⅝	+¼	3.17	7.98
102½	100¼	Treasury 12pc 1984	102⅛	+⅛	11.71	10.04
107½	105⅜	Treasury 15pc 1985	107⅛	+⅛	14.00	10.57
107	101¼	Exch. 12pc Cnv. '85	104⅛	+⅛	11.52	9.54
90¾	88⅝	Treasury 3pc 1985	90¼xd	+¼	3.30	7.94
102⅛	99⅝	Treasury 11½pc 1985	101⅝	+⅛	11.31	10.65
102	95	Treas 8¼pcCnv '85	97⅝	+⅛	8.90	9.98
103⅜	100⅛	Exch. 12¼pc 1985	103⅛xd	+⅛	11.85	10.74
102⅜	99⅛	Exch. 11¾pc '86	102¼	+¼	11.47	10.73
88½	85⅝	Treasury 3pc 1986	87xd	+¼	3.44	7.85
27⅛	26	Exch. 10½pc Cv '86(£25pd)	26½	+¼	10.40	10.40
103⅛	100⅛	Treasury 12pc '86	102⅞	+⅛	11.66	10.67
97½	94⅛	Treasury 8¼pc '84-86‡‡	95⅝	+¼	8.91	10.22
112¼	103¼	Treas. 12¼pc '86 Cnv.	110¼	+½	11.06	8.36
109⅛	105½	Exch. 14pc 1986	108⅞xd	+⅛	12.85	10.89
107¼	103⅝	Exch. 13¼pc 1987	106⅞	+⅛	12.39	10.94
84⅛	81⅛	Exchequer 2½pc 1987	81¼	+⅛	3.05	8.11
100⅛	95⅞	Exch. 10½pc 1987	99	+⅛	10.60	10.80
99	29⅛	Exch. 10½pc 1987A	98⅞	+⅛	10.61	10.84
93¼	89⅛	Funding 6½pc '85-87‡‡	89½xd	.....	7.26	9.72
81¼	81⅛	Treasury 3pc 1987	81¼	+¼	3.66	8.20
104⅝	99⅞	Treas 12pc 1987	103⅛xd	+⅛	11.61	11.84
93¼	89¼	Treasury 7¾pc '85-88‡‡	90⅝	+¼	8.55	10.28

Five to Fifteen Years

1983 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
101½	99½	Exch 10½pc '88	97¾xd	+½	10.75	11.12
81½	75¼	Transport 3pc '78-88	80⅛	+⅛	3.78	8.98
96½	90¼	Treas. 9½pc '88	93⅝	+½	10.17	11.14
104⅝	95¼	Treasury 11½pc 1989	102⅛	+⅛	11.48	11.45
25¼	24⅝	Treas 10½pc '89 (£25pd)	25½	+½	10.93	11.41
83¼	77½	Treasury 5pc '86-89	78⅝	+¼	6.39	9.59
110¼	103	Treasury 13pc 1990‡‡	110⅝	+⅛	12.14	11.45
108¾	101¼	Exch. 12½pc 1990	105⅞	+¼	11.94	11.48
91	86¼	Treasury 8¼pc '87-90‡‡	90¼	+¼	9.45	10.85

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

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LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

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Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

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BUILDING INDUSTRY, TIMBER AND ROADS

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ELECTRICALS—Continued

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INDUSTRIALS—Continued

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Commercial Vehicles

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Components

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Garages and Distributors

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SHOES AND LEATHER

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OIL AND GAS—Continued

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PLANTATIONS

Rubbers, Palm Oil

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Teas

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MINES

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[illegible]

Eastern Rand

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Far West Rand

[illegible]

O.F.S.

[illegible]

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[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

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Miscellaneous

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[illegible]

OPTIONS

3-month Call Rates

[illegible]

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[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling firm on oil news

Sterling was very firm on the foreign exchanges following news that the USSR and Egypt had raised prices of crude oil. Sentiment was also helped by the better-than-expected UK inflation rate announced on Friday, and the pound's trade-weighted index of 84.0 was the highest closing level this year. Sterling also finished at its highest against the dollar since late January, and improved quite sharply in terms of Continental currencies and the yen.

The dollar lost ground initially on Friday's good U.S. money supply figures, but then advanced steadily, finishing lower than Friday, but around the highest levels of the day.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. March average 1.4902. Trade-weighted index 84.0, against 83.8 at noon, 83.4 at the opening, 83.2 at the previous close, and 92.4 six months ago. Sterling has benefited from hopes of a period of oil stability following the Opec settlement and acceptance of price proposals by BNOC's major customers.

Sterling opened at $1.5550-1.5560, the lowest level of the day, but rose quickly to around $1.5600, touching a peak of $1.5670-1.5680 in the afternoon, before closing at $1.5655-1.5665, a rise at 2.05 cents on the day. The pound also improved to DM 3.83 from DM 3.7875; to FFr 11.47 from FFr 11.3450; to SwFr 3.22 from SwFr 3.1850; and to Y370 from Y366.25.

DOLLAR — Trade-weighted index (Bank of England) 122.0 against 125.8 six months ago. The dollar has been firm during a period of extreme uncertainty about oil prices and the recent upheaval in the EMS. U.S. interest rates have not fallen as once expected, and although better money supply figures have led to renewed hopes, future trends remain obscure.

The dollar touched a low of DM 2.4315, but closed at DM 2.4440, compared with DM 2.4485. It also fell to FFr 7.3275 from FFr 7.34; to SwFr 2.0550 from SwFr 2.06; and to Y236.15 from Y236.80.

D-MARK — Trading range against the dollar in 1983 is 2.4950 to 2.3320. March average 2.4102. Trade weighted index 130.0 against 126.2 six months ago. German economic strength and low inflation compared with many of its neighbours have once again caused strains within the EMS. Following the latest realignment and initial profit taking, the D-mark has room for appreciation as it is currently placed at the bottom of the system.

The D-mark showed little overall change within the EMS yesterday. The Bundesbank sold I£100,000 as the Irish punt was fixed at its ceiling of DM 3.16 while the French franc was steady near its upper limit at DM 33.345 per FFr 100. The dollar was firmer at DM 2.4412 from an opening level of DM 2.4360 despite a larger than expected fall in U.S. money supply figures and a small decrease in Euro-dollar rates. Yesterday's fixing was down from Friday's level of DM 2.4475 however. Elsewhere sterling rose to DM 3.8140 up from DM 3.7850.

DUTCH GUILDER — Trading range against the dollar in 1983 is 2.7710 to 2.5755. March average 2.6831. Trade-weighted index 118.1 against 118.5 six months ago. The guilder has been a little disappointing since the latest EMS realignment where it was effectively adjusted downwards against the D-mark. This has turned the spotlight on to the very high budget deficit being run, with a healthy current account surplus and low inflation failing to hold the guilder. It has recently touched a record low against the D-mark, prompting some central bank support and slightly firmer interest rates.

The guilder remained close to the bottom of the EMS yesterday. The D-mark was a little firmer at Fl 1.1264½ from Fl 1.1259 while elsewhere the dollar slipped to Fl 2.7495 from Fl 2.7555 and sterling was higher at Fl 4.2920 against Fl 4.2660.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.3662	45.0671	+1.62	+0.55	±1.5430
Danish Krone ...	8.04412	8.04708	−0.04	−1.11	±1.6416
German D-Mark	2.21516	2.26142	+2.09	+1.02	±1.0687
French Franc ...	6.79271	6.78102	−0.17	−1.24	±1.4013
Dutch Guilder ...	2.49587	2.54793	+2.09	+1.02	±1.4941
Irish Punt	0.71705	0.715979	−0.15	−1.22	±1.6696
Italian Lira	1386.78	1346.28	−2.92	−2.92	±4.1463

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Apr. 25	£	$		£ Note Rates
Argentine Peso...	113,808-114,008	72,760-72,810	Austria	26.60-26.90
Australia Dollar..	1.7965-1.7985	1.1490-1.1495	Belgium	76.10-76.85
Brazil Cruzeiro..	680.0-692.0	440.55-442.75	Denmark	13.45-13.58
Finland Markka..	8.4825-8.5050	5.4140-5.4160	France	11.38-11.48
Greek Drachma..	128.760-132.027	83.60-85.90	Germany	3.79½-3.83½
Hong Kong Dollar	10.66¼-10.68¾	6.8250-6.8300	Italy	2225-2270
Iran Rial	151.40*	85.05*	Japan	367-372
Kuwait Dinar (KD)	0.455-0.456	0.29105-0.29115	Netherlands	4.26¼-4.30¼
Luxembourg Fr.	76.15-76.25	48.65-48.67	Norway	11.04-11.14
Malaysia Dollar..	3.60-3.61	0.3035-2.3055	Portugal	155-160
New Zealand Dlr.	0.3615-0.3665	1.5095-1.5115	Spain	201¼-217
Saudi Arab. Riyal	5.5940-5.4026	3.4500-3.4610	Sweden	11.61-11.71
Singapore Dollar	3.2750-3.2850	6.0955-2.0975	Switzerland	3.18¼-3.26¼
S. African Rand	1.7040-1.7055	1.0880-1.0890	United States	1.55¼-1.57¼
U.A.E. Dirham	5.7410-5.7510	3.6720-3.6755	Yugoslavia	120-138

* Selling rates.

CURRENCY MOVEMENTS

Apr. 25	Bank of England Index	Morgan Guaranty Change %
Sterling	84.0	−36.0
U.S. dollar	122.0	+11.6
Canadian dollar	01.0	−17.0
Austrian schilling	121.2	+30.3
Belgian franc	94.1	−1.6
Danish kroner	84.1	−10.2
Deutsche mark	130.0	+57.3
Swiss franc	151.3	+106.6
Guilder	118.1	+25.9
French franc	70.6	−23.1
Lira	52.1	−59.2
Yen	146.8	+40.2

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.594516	0.593013
U.S. $	8½	1.08456	0.927193
Canadian $	0.46	*	1.13627
Austria Sch	3¾	18.6154	15.9292
Belgian F	10	52.7422	45.0671
Danish Kr	7½	0.40048	8.04108
D mark	4	5.64765	0.26142
Guilder	3½	2.98200	2.54793
French F	9½	7.93687	6.78102
Lira	17	N/A	1346.25
Yen	5½	255.848	018.725
Norwgn Kr	0	7.71192	0.59254
Spanish Pta	—	146.806	125.588
Swedish Kr	[illegible]	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]

* CS/SDR rate for April 22: 1.32268.

THE POUND SPOT AND FORWARD

April 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 76.60-76.70. Six-month forward dollar 0.96-0.93c pm. 12-month 0.85-0.75c pm.

THE DOLLAR SPOT AND FORWARD

April 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.90-49.00.

EXCHANGE CROSS RATES

Apr. 25	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.566	3.830	370.0	11.47	3.220	4.310	2276.	1.920	76.20
U.S. Dollar	0.639	1.	2.446	236.3	7.324	2.056	2.755	1455.	1.226	48.66
Deutschmark	0.261	0.409	1.	96.61	2.995	0.841	1.127	594.1	0.501	19.90
Japanese Yen 1,000	2.703	4.230	10.35	1000.	31.00	8.704	11.66	6150.	5.189	206.0
French Franc 10	0.872	1.365	3.350	322.3	10.	2.807	3.762	1984.	1.674	66.43
Swiss Franc	0.311	0.486	1.189	114.0	3.562	1.	1.340	706.7	0.596	23.66
Dutch Guilder	0.232	0.363	0.888	85.75	2.638	0.746	1.	527.3	0.445	17.66
Italian Lira 1,000	0.438	0.688	1.683	162.6	5.041	1.416	1.896	1000.	0.844	33.49
Canadian Dollar	0.521	0.816	1.995	192.7	5.974	1.677	2.247	1185.	1.	39.60
Belgian Franc 100	1.312	0.055	5.026	485.6	15.05	4.226	5.663	2986.	2.520	100.

FINANCIAL FUTURES

Quiet trading

Trading was on the quiet side in the London Financial Futures Exchange yesterday with volume restricted by the current lack of news. In the Euro-dollar sector prices opened higher as the cash market reacted to a fall on Friday in U.S. money supply figures outside most people's expectations. Some sectors of the market had even been looking for a small rise. However prices traded in a narrow range after the initial reaction with the opening of Chicago providing little fresh impetus. The main factor deterring any sustained fall in U.S. interest rates was the proximity of tomorrow's U.S. Treasury refunding programme, expected to raise some $12½bn to $14½bn.

Until this has been digested there seems to be little scope for any notable rise in Euro-dollar values. The June price opened at 90.94 up from 90.83 and traded between 90.94 and 90.98 before finishing at 90.97.

Sterling based contracts also followed a lacklustre path. Both short sterling and long gilt contracts benefited from sterling's confirmed strength with dealers noting that its index closed yesterday at its best level so far for 1983. Once again however there was little stimulation derived from a very quiet cash market. Three-month sterling deposits for June delivery opened at 90.23 up from Friday's close of 90.19 and traded in a four point range before finishing at 90.26. The June gilt closed at 105-08 compared with an opening of 105-04 and a close on Friday of 104-18. Sterling currency futures saw a respectable 831 lots traded with the June price rising to 1.5649 from 1.5445.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.97	90.98	90.94	90.83
Sept	90.70	90.72	90.69	90.57
Dec	90.43	90.46	90.43	90.32
March	90.15	90.15	90.15	90.10
June	89.94	—	—	89.92

Volume 1,109 (1,167)
Previous day's open int. 3,707 (4,073)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	—	—	[illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	—	—	[illegible]
March	[illegible]	—	—	[illegible]
June	[illegible]	—	—	[illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	—	—	[illegible]

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	—	—	[illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	—	—	[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	77-22	77-31	77-18	77-16
Sept	77-04	77-12	77-01	76-30
Dec	76-22	76-29	76-18	76-14
March	76-06	76-14	76-05	76-00
June	75-28	76-00	75-26	75-20
Sept	75-16	75-21	75-18	75-10
Dec	75-06	75-14	75-08	75-02
March	75-00	75-00	75-00	74-27

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

STERLING (IMM) $e per £

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF KINGSLEY CARDS LIMITED (In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above-named Company will be held at Park House, Park Square West, Leeds LS1 2PS on Thursday, 12th May 1983 at 11.30 a.m. to be followed at 11.45 a.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the Winding up to date.

Dated this 20th day of April 1983.
A. J. ARMITAGE,
B. MILLS,
Joint Liquidators.

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF APPERLEY CARDS LIMITED (In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above-named Company will be held at Park House, Park Square West, Leeds LS1 2PS on Thursday, 12th May 1983 at 12 noon to be followed at 12.15 p.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the Winding up to date.

Dated this 20th day of April 1983.
A. J. ARMITAGE,
B. MILLS,
Joint Liquidators.

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF XMAS GALLERY LIMITED (In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above-named Company will be held at Park House, Park Square West, Leeds LS1 2PS on Thursday, 12th May 1983 at 12.30 p.m. to be followed at 12.45 p.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the Winding up to date.

Dated this 20th day of April 1983.
A. J. ARMITAGE,
B. MILLS,
Joint Liquidators.

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF CREATIVE CARDS LIMITED (In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above-named Company will be held at Park House, Park Square West, Leeds LS1 2PS on Thursday, 12th May 1983 at 11 a.m. to be followed at 11.15 a.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the Winding up to date.

Dated this 20th day of April 1983.
A. J. ARMITAGE,
B. MILLS,
Joint Liquidators.

COMPANY NOTICES

PROVINCE OF MANITOBA (CANADA)

7% 1969/1989 UA 15,000,000. On April 12, 1983, Bonds for the amount of UA 750,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon due June 17, 1984, and following attached on and after June 17, 1983.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning at: 10409 up to 12914 incl.

Amount unamortised: UA 6,000,000.

Outstanding drawn Bonds: 1164 1299 1578 and 1579 1619 1626 4280 to 4291 incl. 4814 4822 4907 to 4912 incl. 4950 and 4951 4956 to 4963 incl. 5011 to 5014 incl. 5027 5032 5065 to 5072 incl. 5084 and 5085 5106 5143 5189 5231 5297 5302 and 5303 5307.

The Trustee
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
April 26, 1983.

ENTE NAZIONALE PER L'ENERGIA ELETTRICA (E.N.E.L.)

7¼ PER CENT 1971/1986 LOAN OF EUROPEAN CURRENCY UNITS 60,000,000

NOTICE IS HEREBY GIVEN to bondholders of the above loan that the Deutsche Mark (European Currency Unit 1 = DM 3.66) has been selected as payment currency for drawn debentures and due coupon.

Drawn debentures and coupon No. 12 will be payable on or after May 1, 1983 by the paying agents mentioned on the debentures.

Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

NOTICE

US$30,000,000
ORIENT LEASING (CARIBBEAN) N.V.
(Incorporated with limited liability in the Netherlands Antilles)

12% GUARANTEED NOTES DUE 1985

Noteholders are hereby informed that the June 1 1983 redemption instalment of US$10,000,000 has been fully satisfied through purchases in the open market. In addition a further amount of US$1,250,000 has been purchased in partial satisfaction of the June 1 1984 instalment leaving a balance remaining in circulation after this date of US$18,750,000.

THE CHASE MANHATTAN BANK, N.A.
Principal Paying Agent

April 1983.

PUBLIC NOTICE

CENTRAL REGIONAL COUNCIL

Amount of Bills £6,000,000 issued on 27.4.83 maturing 27.7.83 at a rate of 9.49164%. Applications totalled £48,000,000. These are the only Bills outstanding.

EXHIBITIONS

GOLDSMITHS' CRAFT FAIR

Designer jewellery and silver for sale.
Admission Free. 10.30-5.00 Wed. 27th to Sat. 30th April until 8.00 Wed. 27th
GOLDSMITHS' HALL
Foster Lane, London [illegible]

MONEY MARKETS

London rates steady, but tone improves

UK clearing bank base lending rate 10 per cent (since April 15 and 18)

Interest rates showed little change in London yesterday. The Bank of England forecast a money market shortage of £600m but this was later revised to £550m. The usual fall in the note circulation after the week-end added £250m to liquidity, but was outweighed by bills maturing in official bands, and a take-up of Friday's Treasury bill tender of £760m, plus Exchequer transactions of £20m.

Total help provided by the authorities through outright purchases of bills, at unchanged dealing rates, was £443m, all bills, at unchanged dealing rates.

Before lunch the Bank of England bought £425m bills by way of £38m bank bills in band 1 (up to 14 days maturity) at 10 1/16 per cent; £11m Treasury bills in band 2 (15-33 days) at 10 per cent; £230m bank bills in band 2 at 10 per cent; £18m bank bills in band 3 (34-63 days) at 9 15/16 per cent; £1m Treasury bills in band 4 (64-91 days) at 9⅞ per cent; and £127m bank bills in band 4 (64-84 days) at at 9⅞ per cent.

In the afternoon the authorities purchased £18m bills, consisting of £5m bank bills in band 1 at 10 1/16 per cent; £8m bank bills in band 2 at 10 per cent, and £5m bank bills in band 4 at 9⅞ per cent.

Overnight interbank money was around 10-10¼ per cent for the most part, but rose to 15 per cent at the close, following indications that the market was still short following the Bank of England intervention. This probably reflected a reluctance of the discount houses to part with bills, although no immediate change in interest rates is expected.

In Frankfurt call money rose to 5 per cent from 4.95 per cent, bringing it into line with the Lombard level at which banks can borrow from the authorities. Tax payments increased the money market shortage following recent action by the Bundesbank to drain liquidity by currency repurchase agreements. These will unwind on Wednesday, Thursday and Friday, but at present banks are likely to continue using the Lombard facility after borrowing DM 6.1bn on Friday and DM 2.5bn on Thursday. The total amount of funds taken out by the Bundesbank is estimated to be around DM 4bn.

LONDON MONEY RATES

Apr. 25 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	10-15	10¼	—	—	10¼-10⅝	10-10¼	—	—	—
2 days notice	—	—	10⅛-10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10¼-10⅛	10¼-10¼	—	—	10⅛	10-10⅛	—	—	—
One month	10⅜-10¼	10 5/16-10 3/16	10¼	11-10⅝	10¼	10⅝-10¾	10	10 1/16	10 1/16-10 1/16	10 11/16
Two months	10 3/16-10⅛	10¼-10 3/16	10¼	10⅞-10½	10⅜	10⅝	9⅞	9 15/16-9 31/32	9 15/16	10 7/16
Three months	10¼-10 3/16	10¼-10⅜	10¼	10¾-10⅜	10⅜	10⅝	9¾	9¾-9⅞	9 15/16	10 5/16
Six months	10 1/16-9 15/16	10⅛-10¼	10⅛	10⅛-9¾	10¼	—	—	—	9 15/16-9⅝	10 5/16
Nine months	10 1/16-9 15/16	10⅛-10¼	10⅛	10⅛-10⅛	10¼	—	—	—	—	—
One year	10 1/16-9 15/16	10⅛-10¼	10⅛	10⅜-10	10¼	—	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

ECGD Rate Export Finance Scheme IV Average Rate for interest period March 2 to April 5 1983 (inclusive) 10.874 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10½ per cent; four years 10⅞ per cent; five years 11 per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills 9 29/32-9 31/32 per cent; six months trade bills 10 11/32 per cent.

Approximate selling rate for one month Treasury bills 9 29/32 per cent; two months 9 27/32 per cent; and three months 9 13/16 per cent. Approximate selling rate for one month bank bills 10-10 1/32 per cent; two months 9⅞ per cent and three months 9 29/32-9 13/16 per cent; trade bills one month 10 7/16 per cent; two months 10 5/16 per cent and three months 10 7/32 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11½ per cent from April 1 1983. London and Scottish Clearing Bank Rates for lending 10 per cent. London Deposit Rates for sums at seven days' notice 6¾ per cent.

Treasury Bills: Average tender rates of discount 9.7666 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held one month 10½ per cent; one-three months 10¼ per cent; three-six months 10¼ per cent; six-12 months 10¼ per cent. Under £100,000 10 per cent from April 8. Deposits held under Series 3-5 10¼ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 25	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	10¼-10⅝	10⅜-10½	10 5/16-10 7/16	10¼-10⅜	10 5/16-10 7/16	10⅛-10¼
U.S. Dollar	8⅝-8⅞	8¾-9	8⅞-9⅛	8 15/16-9 1/16	9 1/16-9 3/16	9 5/16-9 7/16
Can. Dollar	8⅛-9½	8½-9½	9-9¼	9 1/16-9 5/16	9⅛-9⅜	9⅛-9⅞
D. Guilder	4¼-4¾	4¾-5	4 15/16-5 1/16	5 1/16-5 3/16	5 1/16-5 3/16	5¾-5⅞
S. Franc	3¼-3½	3¼-3⅜	4 3/16-4 5/16	4⅜-4½	4½-4⅝	4½-4⅝
Deutschm'rk	4 5/16-4 7/16	4¾-4⅞	4¾-4⅞	4 15/16-5 1/16	5 1/16-5 3/16	5 5/16-5 7/16
Fr'nch Franc	12¼-12¾	12¼-12½	12¼-12½	13⅛-13⅜	14¾-15	15¼-15½
Italian Lira	14½-16½	14½-16½	15⅝-16⅝	16¼-17	17⅛-17¾	17⅞-18⅝
Belg. Franc Conv.	10-10½	10¼-10¾	10¼-10¾	10¼-10¾	10¼-10¾	10½-11
Fin.	10⅜-10⅝	10⅞-10⅜	10¼-10½	10¼-10½	10¼-10½	10¼-10½
Yen	6-6½	6⅛-6¼	6 1/16-6⅜	6¼-6 5/16	6¼-6 5/16	6⅜-6⅛
D. Krone	12½-13	12½-13	11⅜-11⅞	11⅜-11⅞	11½-12	11⅝-12⅛
Asia $ (Sing.)	8 15/16-8 15/16	8⅞-9	8 15/16-9 1/16	9 1/16-9 3/16	9 1/16-9 3/16	9⅜-9½

FT LONDON INTERBANK FIXING

(11.00 a.m. APRIL 25)

3 month U.S. dollars		6 months U.S. dollars	
bid 9 1/16	offer 9 3/16	bid 9 3/16	offer 9 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	10½
Fed funds (lunch-time)	8½-8⅝
Treasury bills (13-week)	8.10
Treasury bills (26-week)	8.18

GERMANY

Lombard	5.0
Overnight rate	5.0
One month	5.05
Three months	5.20
Six months	5.25

FRANCE

Intervention rate	12.5
Overnight rate	12.5
One month	12.4375
Three months	12.25
Six months	12.1875

JAPAN

Discount rate	5.5
Call (unconditional)	6.34375
Bill discount (3-month)	6.71875

SWITZERLAND

Discount rate	4
Overnight rate	2-3
One month	4⅜-4⅝
Three months	4½-4⅝

NETHERLANDS

Discount rate	3½
Overnight rate	4½-5
One month	5-5⅛
Three months	5⅛-5⅜
Six months	5⅛-5⅜

$ CERTIFICATES OF DEPOSIT

One month	8.65-8.75
Three months	8.65-8.75
Six months	8.80-8.90
One year	9.10-9.30

LONG TERM EURO $

Two years	10⅝-10⅞
Three years	10⅝-10⅞
Four years	11-11⅛
Five years	11⅛-11⅜

SDR LINKED DEPOSITS

One month	8⅛-8½
Three months	8 7/16-8 13/16
Six months	8 9/16-8 15/16
One year	8 15/16-9 5/16

ECU LINKED DEPOSITS

One month	8⅝-8⅞
Three months	8⅞-8⅜
Six months	8 13/16-9 1/16
One year	9⅞-9 11/16

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 25 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviation: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.15
Algeria	Dinar	(A) 7.4015
Andorra	French Franc	11.47
	Spanish Peseta	211.70
Angola	Kwanza	(CM) 46.684
Antigua (S)	E. Caribbean $	4.23
Argentina	Ar. Peso	113,908
Greenland	Danish Kroner	13.50
Grenada	E. Caribbean $	4.23
Guadaloupe	Local Franc	11.47
Guam	U.S. $	1.5660
Guatemala	Quetzal	1.5660
Guinea Republic	Syli	35.70
Guinea Bissau	Peso	63.66
Guyana	Guyanese $	4.67
Peru	Sol	(A) 2,063.87
Philippines	Philippine Peso	15.17
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.3640
Poland	Zloty	135.56
Portugal	Portuguese Escudo	156.0
Puerto Rico	U.S. $	1.5660